SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

スキャデン・アープス法律事務所 - プス外国法事務弁護士事務所

ヨーク・カリフォルニア州法)

SKADDEN ARPS LAW OFFICE SKADDEN ARPS FOREIGN LAW OFFICE (REGISTERED ASSOCIATED OFFICES) IZUMI GARDEN TOWER 2 I ST FLOOR I-6-I ROPPONGI MINATO-KU, TOKYO 106-6021, JAPAN

TEL ; (03) 3568-2600

FAX ; (03) 3568-2626

WILMINGTON

BELING BRUSSELS FRANKFURT LONDON MOSCOW MUNICH SINGAPORE

SYDNEY TORONTO VIENNA

October 26, 2006

Office of International Corporate Finance Division of Corporation Finance U. S. Securities and Exchange Commission 100 F Street, N.E. Washington, DC 20549

RECEIVE

OCT 2 6 2006

Exemption Pursuant to Rule 12g3-2(b) for Re:

GMO Internet, Inc. (the "Issuer"): File No. 82-34950

SUPPL

Dear Sir or Madam:

On behalf of the Issuer, we hereby furnish English language translations of information required to be furnished pursuant to Rule 12g3-2(b)(iii) as set forth in EXHIBIT A hereto.

All information and documents furnished hereby are furnished on the understanding that such information and documents will not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Act and that neither this letter nor the furnishing of such documents and information shall constitute an admission for any purpose that the Issuer is subject to the Act.

In the event of any questions or requests for additional information, please do not hesitate to contact Kenju Watanabe, at Skadden, Arps, Slate, Meagher & Flom LLP, 21st Floor, Izumi Garden Tower, 1-6-1, Roppongi, Minato-ku, Tokyo, 106-6021, Japan (telephone 81-3-3568-2600/facsimile 81-3-3568-2626). Kindly, acknowledge receipt of the foregoing by stamping and returning the enclosed copy of this letter.

Very truly yours,

Kenju Watensle M.o. /

Kenju Watanabe

Enclosures







August 1,2006

For Immediate Release

Address

26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Company name

GMO Internet Inc.

Code No.9449

(First Section of TSE)

Company representative

Masatoshi Kumagai, Representative Director and President

Contact person

Masashi Yasuda, Managing Director

T E L

81- 3 - 5456 - 2555

J R L

http://www.gmo.jp

Notice regarding Major Shareholders

At the end of the second quarter of the current financial year (2006/30/06), we would like to take the opportunity to provide you with the following information regarding our major shareholders.

We are not obligated to disclose this information under the Tokyo Stock Exchange Timely Disclosure regulations paragraph 2 Item 1.2b. However, we have received a number of enquiries from shareholders concerning our major shareholders, and as such we provide this information voluntarily.

As of June 30th 2006				
Shareholder	No. of	%		
	Shares	of Shares		
Kumagai Masatoshi Office Ltd.	22,400,000	36.11		
HSBC Fund Service J2	2,726,500	4.39		
Masatoshi Kumagai	2,000,000	3.22		
Bayerische Vereinsbank A.G. Customer Account	1,886,600	3.04		
HSBC Fund Service J1	1,362,000	2.19		
SNFE MAC Japan Active Shareholder Fund LP.	888,800	1.43		
The Master Trust Bank of Japan, Ltd (Custodial Account)	878,300	1.41		
Japan Trustee Services Bank, Ltd (Custodial Account)	705,200	1.13		
Kaoru Kumagai	600,000	0.96		
CA-IS BANK, PARIS ORDINARY ACCOUNT	596,900	0.96		

As of December 31st 2005					
Shareholder	No. of	%			
	Shares	of Shares			
Kumagai Masatoshi Office Ltd.	22,400,000	36.11			
The Master Trust Bank of Japan, Ltd (Custodial Account))	3,271,000	5.27			
Masatoshi Kumagai	2,000,000	3.22			
Japan Trustee Services Bank, Ltd (Custodial Account)	1,280,200	2.06			
Bayerische Vereinsbank A.G. Customer Account	1,250,200	2.01			
Japan Securities Finance Co.,Ltd	1,082,900	1.74			
Nippon Life Co.,Ltd (Special Type Pension Account)	1,057,200	1.70			
SNFE MAC Japan Active Shareholder Fund LP.	996,300	1.60			
Calyon Paris Ordinary Account	932,100	1.50			
Morgan Stanley & Co. International Limited	891,254	1.43			



14 August, 2006

For Immediate Release

Address

26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Company name

GMO Internet Inc.

Code No.9449

(First Section of TSE)

Company representative

Masatoshi Kumagai, Representative Director and President

Contact person

Masashi Yasuda, Managing Director

T E L

03-5456-2555 (switchboard)

URL

http://www.gmo.jp

GMO Internet Group Revises Forecast Interim Consolidated Business Results for the Year Ending 2006.

GMO Internet Group has made the following revisions to the interim consolidated business results forecast for the fiscal year ending December 2006 (1 January, 2006 to 31 December, 2006) that was published in the press release "Consolidated and Non-consolidated Forecasts Revised for the Year Ending December 31, 2006" (8 May, 2006).

1. Revised Business Results Forecast

Revised Interim Consolidated Business Results Forecast for the year ending December, 2006 (from 1 January, 2006 to 30 June, 2006)

	Sales	Operating Profit	Ordinary Profit	Current Net Profit
	¥ millions	¥ millions	¥ millions	¥ millions
Previous Forecast (8 May, 2006) (a)	24,000	2,000	2,000	500
Revised Forecast	23,042	2,009	1,927	193
Amount of Increase/Decrease (b-a)	-958	9	-73	-307
Percentage Increase/Decrease	-4.0%	0.5%	-3.6%	-61.4%
Actual Results for the Previous Fiscal Year (year-ending December, 2005) (for reference)	14,304	1,122	1,154	666

2. Reasons for Revision

The main factors causing current net profit to be revised are the Excess Interest Repayment Fund and the liquidation of credit claim costs in the Internet Finance segment loans and credit business. In the first quarter 900 million yen was allocated to the Excess Interest Repayment Fund (an extraordinary loss of 410 million yen) however in the current Interim Consolidated Financial Statement a further 207 million has been added bringing the total balance of the fund to 1.107 billion yen (an extraordinary loss of 1.050 billion yen transferred to the Excess



Interest Repayment Fund). The other contributing factor, costs associated with past liquidation of credit claims, included the one time depreciation of a 278 million yen advance payment.

There has been no change to forecast year-end business results.

Please note the above projections are based on information available at the time of release. Future events may cause year-end results to differ from forecast figures.



August 29, 2006

Address

26-1 Sakuragaoka-cho Shibuya-ku

Company Name

GMO Internet Inc.

Representative

Mr. Masatoshi Kumagai, President and Representative Director

(First Section of the Tokyo Stock Exchange, Code: 9449)

Contact:

Mr. Masashi Yasuda, Managing Director

Telephone

03-5456-2555 (Switchboard)

URL

http://www.gmo.jp

Notice concerning the Sale of Drecom Co. Ltd. Shares

GMO Internet announces the sale today (August 29, 2006) of the shares it held in Drecom Co. Ltd. The number of shares sold was 290 and the selling price was \(\frac{4}{2},297,100\) per share. (Total: \(\frac{4}{6}66,159,000\)) There will be no adjustments to our business results forecast as a result of this sale.



August 30, 2006

For Immediate Release

Address

26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Сотрапу пате

GMO Internet Inc.

Code No.9449

(First Section of TSE)

Company representative

Masatoshi Kumagai, Representative Director and President

Contact person

Masashi Yasuda, Managing Director

T E L

81-3-5456-2555

U R L

http://www.gmo.jp

GMO Net Card Inc. Announces Plans to Acquire Just Inc. and Other Stock

GMO Internet Group Inc. loans and credit business subsidiary GMO NetCard Inc. has announced its decision to acquire all outstanding shares in the personal finance company Just Inc. and the 13 companies in its group (hereafter "target company").

1. Reasons for the Stock Acquisition

The target company's credit costs are low and it has excellent loan assets worth over 30 billion yen. The acquisition will also allow GMO Net Card Inc. to take advantage of the target company's customer base to further expand its loans and credit business.

In addition to this, with its established high earning rate business model and the benefit of GMO Internet Group Internet knowledge, we can expect a new revenue base and an increase in income.

2. Stock Acquisition Schedule

Stock Transfer Contract Date	August 28, 2006
Transfer of Stock	August 31, 2006

The stock transfer contract comes into effect today (August 30, 2006) when the financing transaction with Lehman Brothers Securities Inc. is due to be finalized.

3. Method of Stock Acquisition

The merger corporation ASA5 (%1) acting as the assignee of GMO Net Card Inc., acquired all stock in the target Company (Just Inc. and the 13 companies in the group) An agreement was established between Lehman Brothers Securities Inc and the assignee merger corporation ASA5 that Lehman Brothers Securities Inc., would lend a maximum of 27.5 billion yen (23.9 billion yen will be lent on August 31, 2006). Lehman Brothers Securities will retain security rights for all target company stock



and its loan assets which will eventually be securitized.

(%1) The objective of acquiring all the target company's outstanding shares by the merger corporation ASA5 was established.

Outline of Merger corporation ASA5

	<u></u>
Business Name	ASA5 Merger Corporation
Business Details	Investment business
Established	August 4, 2006
Head Office	3-22-10 Toranamon, Minato-ku Tokyo
Capital	10,000 yen
Representative	Limited Liability Chukan Hojin ASA Holdings 4 (%2)

(%2) Limited Liability Chukan Hojin ASA Holdings 4 is a capital investor in ASA5 Merger Corporation.

Outline of Limited Liability Chukan Hojin ASA Holdings 4

Business Name	Limited Liability Chukan Hojin ASA Holdings
Business Details	Investment Business
Established	June 9, 2006
Head Office	3-22-10 Toranamon, Minato-ku Tokyo
Capital	3,000,000 yen
Representative	Director: Masaki Aguni
Capital Investor	GMO NetCard (100%)

4. Target Company Name, Number of Shares to be Acquired, Cost of Acquisition and Ownership of the Stock around the Time of Acquisition.

Company Name	No. of		Acquisition	No. of	
	shares		Cost	shares owned	
	owned	No. of shares		after the	Ownership
	before the	acquired		acquisition	Ratio
	acquisition		·	<u> </u>	
	1		(¥millions)		_
Just Inc.	0	60	2,955	60	100.0%
Like Card Ltd.	0	100	5	100	100.0%
Sanyo Credit Co. Ltd	0	60	2,742	60	100.0%
East Japan Credit Ltd	0	980	4,712	980	100.0%



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Sunlife Ltd	0	100	5	100	100.0%
Sanai Credit Ltd	0	60	3,540	60	100.0%
Million Ltd	0	60	1,970	60	100.0%
Alto Ltd.	0	60	1,757	60	100.0%
Japan Ltd.	0	60	7,507	60	100.0%
JC Ltd.	0	100	5	100	100.0%
Save Ltd	0	260	1,437	260	100.0%
N Corporation Ltd.	0	100	5	100	100.0%
TS Corporation Ltd.	0	100	5	100	100.0%
Total (13 companies)	0	2,100	26,647	2,100	100.0%



5. Target Company (13 companies) Recent Statement of Business Results
The following information is provided about the target company whose shares were acquired by

ASA5 Inc.

Target Company (13 companies) Outline

(1) Business Name	Just Inc.	Like Card Ltd.	Sanyo Credi Ltd.	East Jepan Credit Ltd.	Sunlife Ltd.	Sansi Ltd.	Million Ltd.
② Buziness Details	Persona) finance	Personal finance	Personal finance	Personal finance	Personal finance	Personal finance	Personal Gnance
(DEstablished	September 6, 1984	May 9, 2005	September 6, 1984	October 2, 1979	May 9, 2005	June 18, 1984	September 1, 1984
@Head Office	2·1·11 Aramachi, Aomoriahi	2·1·11 Aremachi, Aomorishi	2-1-11 Aramachi, Aomorishi	5-6 Kaiunbashidori Moriokashi	1-4-45 fchiko, Oosaki	4-1-6 Toukamachi, Yamagatashi	1-3-1 Kasumicho Yamagatashi
S Representative	Director: Hiroshi Azuma	Director: Tauyoshi Kudo	Director: Koji Inomata	Director: Masatoshi Tsukahara	Director: Kohei Yokoyama	Director: Kazuo Kimura	Director: Shinya Sudou
@Capital	¥3,000,000	¥5,000,000	¥3,000,000	¥9,800,000	¥5,000,000	¥3,000,000	¥3,000,000
① Outstanding Shares	60	100	60	980	100	60	60
® Shareholders' Equity	¥2,595,000,000	·¥37,000,000	¥2,407,000,000	¥4,127,000,000	-¥17,000,000	¥3,000,000	¥3,000,000
Total Assets	¥5,683,000.000	¥581,000,000	¥5,082,000,000	¥9,208,000,000	¥168,000,000	[7,847,000,000	¥5,288,000,000
Accounting Period	June 1 to May 31	June 1 to May 31	June 1 to May 31	June 1 to May 31	June 1 to May 81	June 1 to May 31	June 1 to May 31
Major Customers	General Customers	General Customers	General Customers	General Customers	General Customers	General Customers	General Customers
(p Major shareholders and voting rights (over 10%)	Mitsuko Takahashi (53.3%) and 2 other people	Mitsuko Takahashi (53,0 %) and 2 other people	Mitsuko Takahashi (58.3%) and 2 other people	Mitsuko Takabashi (51.0%) and 2 other people	Mitsuko Takahashi (63.0%) and 8 other people	Mitsuke Takahashi(53.3%) and 2 other people	Mitsuko Takahashi (53.8%) and 2 other people

D Business Name	Alto Ltd.	Japan Ltd.	JC Ltd.	Save Ltd	N Corporation Ltd.	TS Corporation Ltd.
② Business Details	Personal finance	Personal finance	Personal finance	Personal finance	Personal finance	Personal finance
③ Established	September 5, 1984	September 6, 1984	April 25, 2005	September 2, 1999	October 20, 2005	November 18, 2005
@Head Office	1-3-1 Kasumicho Yamagata shi	16-29-803 Okaji Miyaginoku, Sendai Shi	5-19 Nakamachi, Koriyamashi	3 Mikamachi, Hachinoheshi	2-6-6 Shinoda Aomorishi	1-10-408 Seimeicho Fukushima
S Representative	Director: Takahiko Sudo	Director: Takashi Sasaki	Director: Ryo Sato	Director: Masahiro Kudo	Director: Hiroshi Numayama	Director: ToehiyaSaltoh
@Capital	¥3,000,000	¥3,000,000	¥5,000,000	¥13,000,000	¥5,000,000	¥5,000,000
Outstanding Shares	60	60	100	260	100	100
B Shareholders' Equity	¥1,548,000,000	¥6,517,000,000	·¥2,000,000	¥1,252,000,000	¥5,000,000	¥5,000,000
Total Assets	¥8,869,000,000	¥14,055,000,000	¥42,000,000	¥2,681,000,000	¥5,000,000	¥6,000,00
② Accounting Period	June 1 to May 31	June 1 to May 31	June 1 to May 31	June 1 to May 81	June 1 to May 31	June 1 to May 31
(i) Major Customers	General Customers	General Customers	General Customers	General Customers	General Customers	General Customera
Major shareholders and voting rights (over 10%)	Mitsuko Takahashi (53.3 %) and 2 other people	Mitsuko Takahashi (53.8%) and 2 other people	Mitsuko Takahashi (58.8%) and 2 other people	Mitsuko Takahashi (51.2%) and 2 other people	Mitsuko Takahashi (52.0%) and 2 other people	Mitsuko Takahashi (52.0%) and 2 other people



Target Company (13 companies) Recent Statement of Business Results

· Accounting Period: Year Ending May 2005	Sales (¥millions)	Ordinary Profits (¥millions)	Current Net Profit (¥millions)
Just Inc.	963	521	341
Like Card Ltd.	-	-	-
Sanyo Credit Co. Ltd	914	519	338
East Japan Credit Ltd	1,741	871	593
Sunlife Ltd	-	-	
Sanai Credit Ltd	1,409	706	473
Hillion Ltd	963	361	217
Alto Ltd.	738	328	220
Japan Ltd.	2,734	1,624	1,064
Japan Ltd.	_		_
Save Ltd	558	299	192
N Corporation Ltd.	_	-	_
TS Corporation Ltd.	-		_
Total	10,020	5,229	3,438

Accounting Period: Year Ending	Sales (¥millions)	Ordinary Profits (¥millions)	Current Net Profit (¥millions)
May 2006		(#millions)	(#IIIIII0018)
Just Inc.	875	455	273
Like Card Ltd.	50	·42	•42
Sanyo Credit Co. Ltd	902	476	284
East Japan Credit Ltd	1,663	817	517
Sunlife Ltd	2	-22	-22
Sanai Credit Ltd	1,333	630	899
Million Ltd	957	319	218
Alto Ltd.	698	294	182
Japan Ltd.	2,742	1,630	983
Japan Ltd.	_	-7	-7
Save Ltd	534	272	166
N Corporation Ltd.	_	_	_
TS Corporation Ltd.	_	-	-
Total	9,756	4,822	2,951



6. Impact on the GMO Internet Group Business Results

Business results forecasts for the target company are currently being prepared and will be released as soon as they are finalized.

Please refer to the press release Notice of Addition to Total Assets

(August 30, 2006) for information regarding the effects on the GMO Internet Group consolidate financial position.



August 30, 2006

For Immediate Release

Address

26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Company name

GMO Internet Inc.

Code No.9449

(First Section of TSE)

Company representative

Masatoshi Kumagai, Representative Director and President

Contact person

Masashi Yasuda, Managing Director

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81-3-5456-2555

U R L

http://www.gmo.jp

Notice of Addition to Total Assets

GMO NetCard Inc., a consolidated subsidiary of GMO Internet Group Inc., in the loans and credit business, today (August 30, 2006) resolved to acquire all shares in the personal finance company Just Inc. and the 13 companies in its group.

As a result of the loan intended to fund the stock acquisition, GMO Internet Group Inc. total assets will increase over 30% above net assets on the last day of the previous financial year (Year Ending December 2005).

There will be no impact on non-consolidated total assets or net assets ratio.

1. Increase in Total Assets

	Year Ending December 2005	After Borrowing	Amount of Increase
Total Consolidated	(¥thousands)	(¥thousands)	
Assets	88,057,369	112,039,369	¥23,982,000,000

2. Percentage Increase in Total Assets

	Year Ending December 2005 , Net Assets (a)	Amount of Increase (b)	Proportion of net assets (b/a)
Consolidated net	(¥thousands)	(¥thousands)	%
asset ratio	16,282,890	23,982,000	147.3



[Details of the Loan]

1. Source of Loan Lehman Brothers Securities Inc.

2. Amount of Loan ¥23,982,000,000

3. Date of Contract August 30, 20064. Date Effective August 31, 2006

5. Collateral Equities and loan portfolio of the company assigned by GMO

NetCard Inc.

6. Other GMO NetCard Inc. intends to securitize the loan portfolio for this

acquisition. Details will be disclosed as soon as they are

confirmed



11 September, 2006

For Immediate Release

Address

26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Company name

GMO Internet Inc.

Code No.9449

(First Section of TSE)

Company representative

Masatoshi Kumagai, Representative Director and President

Contact person

Masashi Yasuda, Managing Director

T E L

03-5456-2555 (switchboard)

URL

http://www.gmo.jp

GMO Internet Group Announces Change in Dividend Policy and a Revision to Forecast Dividends.

The GMO Internet Group Board of Directors meeting decided today to amend dividend policy. As a result, end of term dividend per share and the year-end dividend forecast have been revised.

1. Change in Dividend Policy

The GMO Internet Group places importance on returning profits to shareholders and it is our policy to maintain stable dividends.

The dividend policy was amended to include a target dividend payout ratio of 33% of Consolidated Current Net Profit in order to further define the importance of returning profits to investors.

2. Revision to Forecast Dividends

As a result of the new target dividend payout ratio of 33%, the forecast year-end dividend per share for the year ended December, 2006 in the FY2006 Non-consolidated Interim Financial Statements (14 August, 2006) has been revised.

	Interim Dividend	End of Term Dividend	Year-End Dividend
Forecast for the year-ended December 2006	¥3.00	¥9.00	¥12.00
Previous forecast (14 August, 2006)	¥3.00	¥3.00	¥6.00

[Cover Sheet]

[Submitted document]

Semiannual reports

[To be submitted to]

Head of the Kanto Finance Bureau

[Date of Submission]

September 22, 2006

[Interim Accounting Term]

First half of the 16th term (from January 1, 2006 to June 30, 2006)

[Company Name]

GMO Internet, Inc.

[Company Name in English]

GMO internet, Inc.

[Title and Name of Representative Director]

Masatoshi Kumagai, Representative Director and President

[Location of Head Office]

26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo

[Phone Number]

(03)5456 - 2555

Masashi Yasuda

Executive director responsible for administrative sections, Group business

strategies, and investor relations

[Nearest Contact Address]

26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo

[Phone Number]

(03)5456 - 2731

[Name of Contact Person]

Toshihiko Sugaya, Director and Manager of Group General Affairs

Division

[Place where the report is made available for Tokyo Stock Exchange Inc.

public inspection]

(2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo

Section 1 Corporate Information

No.1 Summary of the Company

- 1. Changes in major management indicators, etc.
 - (!) Changes in key management indicators, etc. for the most recent three consolidated interim accounting terms and two consolidated accounting terms.

Business Year		First Half of the	First Half of the	First Half of the	14 th Term	15 th Term
Accounting term	1	From January 1, 2004 To June 30, 2004	From January 1, 2005 To June 30, 2005	From January 1, 2006 To June 30, 2006	From January 1, 2004 To December 31, 2004	From January 1, 2005 To December 31, 2005
Operating profit	(Thousand yen)	9,828,127	14,304,032	23,042,961	23,561,986	37,219,808
Ordinary profit	(Thousand yen)	1,181,595	1,154,241	1,927,263	2,805,478	4,103,097
Net profit or Net loss (-)	(Thousand yen)	1,748,973	666,603	193,030	2,563,068	3,258,953
Net assets	(Thousand yen)	11,869,221	13,627,780	24,076,581	13,350,626	16,282,890
Total assets	(Thousand yen)	20,388,614	27,487,365	92,844,847	27,896,802	88,057,369
Net assets per share	(Yen)	424.50	222.08	278.63	217.93	262.51
Net profit per share	(Yen)	62.87	10.88	3.12	44.81	52.68
Net profit per share after adjustment of latent shares	(Yen)	61.80	10.80	3.02	44.16	52.39
Net worth ratio	(%)	58.2	49.6	18.6	47.9	18.5
Cash flow from operating activities	(Thousand yen)	494,903	- 378,262	- 353,429	2,436,921	- 158,357
Cash flow from investing activities	(Thousand yen)	2,627,743	- 412,426	- 423,266	- 1,112,515	- 22,733,175
Cash flow from financial activities	(Thousand yen)	19,258	797,533	686,139	1,439,562	34,748,770
Balance of cash and cash equivalents at the end of term	(Thousand yen)	11,701,637	11,327,451	23,931,370	11,319,354	23,202,882
Number of employees (figures in parentheses are the average number of temporary employees)		578 (274)	954 (844)	1,360 (386)	872 (496)	1,169 (667)

(Notes) 1. Operating profit does not include consumption tax, etc.

^{2.} From the consolidated interim accounting term under review, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5 on December 9, 2005 by the Accounting Standard Board of Japan) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.8 on December 9, 2005 by the Accounting Standards Board of Japan) were applied.

(2) Changes in major management indicators, etc. of the company submitting the report for the most recent three consolidated interim accounting terms and two consolidated accounting terms

Business Year		First Half of the 14 th Term	First Half of the	First Half of the	14 th Term	15 th Term
Accounting term	1	From January 1, 2004 To June 30, 2004	From January 1, 2005 To June 30, 2005	From January 1, 2006 To June 30, 2006	From January 1, 2004 To December 31, 2004	From January 1, 2005 To December 31, 2005
Operating profit	(Thousand yen)	3,799,012	5,136,113	5,938,513	8,207,273	9,921,292
Ordinary profit	(Thousand yen)	616,466	939,807	1,325,757	1,315,925	1,580,848
Net profit	(Thousand yen)	1,531,629	913,362	1,417,456	2,198,740	1,687,658
Capital	(Thousand yen)	3,311,130	3,311,130	3,311,130	3,311,130	3,311,130
No. of shares issued	(Shares)	28,364,394	61,601,988	62,031,378	61,601,988	62,031,378
Net assets	(Thousand yen)	10,475,774	11,713,202	14,910,562	12,088,597	12,574,851
Total assets	(Thousand yen)	13,019,808	16,017,866	49,084,191	17,861,754	46,358,522
Net assets per share	(Yen)	374.67	190.88	240.48	197.64	203.01
Net assets per share	(Yen)	55.06	14.91	22.88	38.75	27.47
Net profit per share after adjustment of latent share	(Yen)	54.12	14.79	22.83	38.19	27.32
Interim dividend per share (annual)	(Yen)	4.00	3.00	3.00	5.00	6.00
Net worth ratio	(%)	80.5	73.1	30.4	67.7	27.1
Number of employees (figures in parentheses are the average number of temporary employees)	(People)	186 (115)	217 (170)	362 (233)	189 _(123)	221 (151

(Notes) 1. Operating profit does not include consumption tax, etc.

2. The interim dividend per share for the first half of the 14th term was a commemorative dividend marking the listing of the Company's shares on the Second Section of the Tokyo Stock Exchange on February 27, 2004, and totaled 111,840,000 yen.

3. From the consolidated interim accounting term under review, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBI Statement No.5 on December 9, 2005 by the Accounting Standard Board of Japan) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBI Statement No.8 on December 9, 2005 by the Accounting Standards Board of Japan) were applied.

2. Description of the business

There was no significant change in the businesses operated by the Company Group (the Company and its affiliates) during the consolidated interim accounting term under review. Major changes in affiliates during the consolidated interim accounting term under review are as follows:

(2) Business Organization Chart

Internet Use Support Business Internet Advertising Support Business (Media Business) (Internet Infrastructure Business) Company GMO Hosting & Security, Inc. GMO MediaHoldings, Inc. WEBKEEPERS, INC. GMO Media, Inc. @YMC CORPORATION Tea Cup Communication, Ltd. Paperboy & Co. GMO Ad Networks, Inc. Internet Number Corporation Magclick Inc. Grandsphere Co., Ltd. GMO San Planning, Inc. GeoTrust Japan, Inc. GMO Games, Inc. GMO Payment Gateway, Inc. Net Clue, Inc. Payment-One, Inc. GMO Research, Inc. GMO blog, Inc. JWord Inc. GMO Research Institute Inc. Mighty Server, Inc. Epsilon Inc. MAKESHOP Co., Ltd. Internet Finance Business GMO VenturePartners, Inc. GMO NETCARD, Inc. GMO Venture Partners Investment Limited GMO internet securities, Inc. Partnership Blog Business Fund Investment Limited Partnership

Consolidated

3. Status of Affiliated Companies

Changes in affiliates during the consolidated interim accounting term under review are as follows:

(1) New

Company name	Address	Capital stock or investment (thousand yen)	Business Details	Percentage of voting rights or equity share held (%)	Description of relationship
(Consolidated subsidiary) GMO VenturePartners, Inc.	Shibuya-ku, Tokyo	210,000	Venture capital operations	100.0	Three directors hold concurrent posts. Financial support Lease of the office space
GMO internet securities, Inc.	Shibuya-ku, Tokyo	800,000	Internet securities operations	1 277	Two directors hold concurrent posts. Lease of the office space
MAKESHOP Co., Ltd.	Shibuya-ku, Tokyo	15,000	Online shop construction ASP operations	58.7	Four directors hold concurrent posts. Financial support Lease of the office space
GMO MediaHoldings, Inc.	Shibuya-ku, Tokyo	270,000	Strategic planning for the media business as a whole	100.0	Three directors hold concurrent posts. Lease of the office space
Epsiton Inc.	Shibuya-ku, Tokyo	98,000	Operation and provision of the online credit network for credit cards	100.0 (100.0)	
Mighty Server, Inc.	Shibuya-ku, Tokyo	15,000	Web Hosting operations	100.0 (100.0)	
GMO Venture Partners Investment Limited Partnership	Shibuya-ku, Tokyo	1,260,000	Venture capital operations	31.7 (31.7)	
Blog Business Fund Investment Limited Partnership	Shibuya-ku, Tokyo	1,010,000	Venture capital operations	9.9 (31.7)	

- (Notes) 1. Netclue Japan Co., Ltd. and GMO-interTAINMENT, Inc. were merged on April 1, 2006 with Netclue Japan Co., Ltd. the surviving company. With the merger, the name of the company was changed to GMO Games, Inc.
 - GMO internet securities, Inc., MAKESHOP Co., Ltd., Epsilon Inc., Mighty Server, Inc., GMO VenturePartners, Inc.,
 GMO Venture Partners Investment Limited Partnership, and Blog Business Fund Investment Limited Partnership
 became consolidated subsidiaries from the consolidated interim accounting term under review, as their significance
 increased.
 - 3. GMO MediaHoldings, Inc. was established on April 1, 2006.
 - 4. Although our stake in GMO Venture Partners Investment Limited Partnership and Blog Business Fund Investment Limited Partnership did not exceed 50 hundredths, we made them our subsidiaries, as we have effective control over them.
 - 5. Figures in parenthesis in the "Percentage of Voting Rights Held by the Company" section indicate the percentage of indirect ownership.

(2) Exclusion

GMO Communications Co., Ltd., TELECOM ONLINE Inc. and Solis Corporation merged and dissolved as of January 1, 2006 with the Company being the surviving company.

GMO-interTAINMENT, Inc. was merged with Netclue Japan Co., Ltd. and dissolved as of April 1, 2006 with Netclue Japan Co., Ltd. being the surviving company.

4. Employees situation

(1) Employee situation at consolidated companies

As of June 30, 2006

Segment name based on business type	Number of employees (people)
Internet Use Support Business (Internet Infrastructure Business)	700 (302)
Internet Advertising Support Business (Media Business)	415 (52)
Internet Finance Business	245 (32)
Total	1,360 (386)

(Notes) 1. Number of employees shows the number of working employees.

- 2. The figures in the parenthesis in "Number of employees" denote the average number of temporary employees during the consolidated interim accounting term under review.
- 3. The increase in the number of employees by 191 from the end of previous term was a result of the expansion of the business.

(2) Status of the Company submitting the report

As of June 30, 2006

Number of employees (people)	362 (233)

- (Notes) 1. Number of employees shows the number of working employees.
 - 2. The figures in the parenthesis in "Number of employees" denote the average number of temporary employees during the consolidated interim accounting term under review.
 - 3. The number of employees increased 141 from the end of the previous fiscal year. This is an increase resulting from the absorption of consolidated subsidiaries and the expansion of business.

(3) Status of the labor union

The employees have not been unionized. The employer-employee relationship has been good.

No.2 Status of the Business

1. Outline of Business Results

(1) Business Results

We report here the business results for the interim term ending December 2006 (from January 1, 2006 to June 30, 2006)

<General business conditions>

During this consolidated accounting term under review, the Japanese economy continued to show signs of economic recovery with a recovery in corporate plant and equipment investment and an increase in share prices, etc. In the Internet market, which is the arena in which the Group operates, the number of users of broadband services reached 31,240,000 in Japan at the end of March 2006. The Internet environment is now firmly established, and Internet use continues to grow (*).

In this environment, the Internet Use Support Business (Internet Infrastructure business) saw rising needs for the Internet use support services, particularly in small and medium-sized companies, and steadily enhanced its customer base. To integrate management resources, the Company also absorbed GMO Communications Co., Ltd., TELECOM ONLINE Inc., and Solis Corporation as of January 1, 2006, with the Company as the surviving company.

In the Internet Advertising Support Business (Media Business), the monthly number of users amounted to 21,520,000 in June 2006, according to research by Nielsen NetRatings, which ranks third in Japan.

In the Internet Finance Business, we entered into capital and business alliances with eBank Corporation to strengthen our customer base. However, in light of the information statement released by the Japanese Institute of Certified Public Accountants on March 15, 2006 entitled "Cautionary Notes on Audits in Consumer Credit Companies," we posted an Allowance for a Loss on Interest Reimbursement from this period, which had an impact on the results for the quarter under review.

As a result, during this quarter's consolidated accounting period, the Group recorded sales of 23,042,961,000 yen (up 61.1% year-on-year), operating profit of 2,009,152,000 yen (79.0% increase year-on-year), ordinary profit of 1,927,263,000 yen (67.0% increase year-on-year), and current profit of 193,030,000 yen (71.0% decrease year-on-year).

<Segment Information>

• Internet Use Support Business (Internet Infrastructure business)

The Internet Use Support Business (Internet Infrastructure business) recorded sales of 8,025,892,000 yen, down 4.7% from the previous year, and operating profit of 1,271,930,000 yen, down 10.6% from the previous year. Although the main business, namely the domain acquisition business, Web hosting operations, and the credit card payment processing operations, posted robust income gains, temporary income was posted for the enterprise communications business in the previous consolidated interim accounting term. As a result, sales for the interim accounting term under review declined on a year-on-year basis.

• Internet Advertising Support Business (Media Business)

The Internet advertising support business (media business) posted sales of 6,018,853,000 yen (up 0.1% from the previous year) and operating profit of 262,324,000 yen (an operating loss of 330,087,000 yen for the previous year). Profitability improved significantly thanks to the higher sales and productivity of the JWord

business.

- Internet Finance Business

The Internet finance business recorded sales of 9,140,250,000 yen and operating profit of 416,051,000 yen, despite posting start-up expenses for the commencement of the Internet securities business at GMO internet securities, Inc. and an allowance for the loss on interest reimbursement at GMO NETCARD, Inc. from the current fiscal year in accordance with the Auditing Guidelines for Consumer Finance Companies, Etc. published by the Japanese Institute of Certified Public Accounts on March 15, 2006.

* According to the "Changes in the Number of Subscribers for Broadband Service (at the end of March, 2006)" released by the Ministry of Internal Affairs and Communications

(1) Cash Flow

The balance of cash and cash equivalents (hereinafter called "cash") on a consolidated basis at the end of the interim accounting term under review increased 12,603,919,000 yen from the end of the previous consolidated interim accounting term, to 23,931,370,000 yen. This balance reflected net cash used in operating activities of 353,429,000 yen, attributable to the payment of income taxes and other amounts, net cash used in investing activities of 423,266,000 yen with the acquisition of intangible fixed assess and investment securities, and net cash provided by financing activities of 686,139,000 yen, the result of proceeds from the issuance of shares to minority shareholders despite the repayment of borrowings.

The status of each cash flow item during the consolidated interim accounting term is as follows:

Net cash used in operating activities was 353,429,000 yen (378,262,000 yen for the same period a year ago), reflecting an increase in operational loans of 534,295,000 yen and the payment of income taxes of 2,394,691,000 yen, offsetting income before income taxes and minority interests of 1,330,314,000 yen.

Net cash used in investing activities was 423,266,000 yen (412,426,000 yen for the same period a year ago) as a result of the acquisition of investment securities of 1,790,730,000 yen and the acquisition of intangible fixed assets of 1,114,207,000 yen, offsetting proceeds from the sale of shares in subsidiaries of 1,338,506,000 yen.

Net cash provided by financing activities was 686,139,000 yen (down 14.0% year on year), attributable to long-term debt and short-term borrowings of 45,802,304,000 yen and proceeds from the issuance of shares to minority shareholders of 411,735,000 yen, despite payments of bond redemptions of 31,075,000,000 yen and reductions in long-term debt and short-term borrowings of 15,629,496,000 yen.

2. Production, Orders and Sales

(1) Results of production

n/a

(2) Results of purchase

Item	Amount of purchase (thousand yen)	Change from year-ago level (%)
Internet Use Support Business (Internet Infrastructure Business)	8,717	109.7
Internet Advertising Support Business (Media Business)	2,362,234	93.7
Total Total	2,370,952	93.7

(Notes) 1. Figures do not include consumption tax.

2. Figures are shown using purchase prices.

(3) Results of orders received

Item	Amount of orders received (thousand yen)	Change from year-ago level (%)	Backlog of orders (thousand yen)	Change from year-ago level (%)
Internet Use Support Business (Internet Infrastructure Business)	440,894	88.8	145,099	116.9
Internet Advertising Support Business (Media Business)	4,060,349	96.0	413,145	132.8
Total	4,501,244	95.4	558,245	128.3

(Notes) 1. Figures do not include consumption tax.

(4) Sales results

Item	Sales (thousand yen)	Change from year-ago level (%)
Internet Use Support Business (Internet Infrastructure Business)	7,963,200	95.3
Internet Advertising Support Business (Media Business)	5,939,510	99.8
Internet Finance Business	9,140,250	_
Total	23,042,961	161.1

(Notes) 1. Figures do not include consumption tax.

2. The ratio of the results of sales to each major customer and the results of sales under review to the results of total sales is less than 10% for the previous accounting term and the accounting term under review and entry is therefore omitted.

3. Issues for the Company

During the consolidated interim accounting term under review, there was no significant change or new issue arising with respect to the business and financing of the Group.

4. Primary agreements, etc. in business

The basic agreement for the provision of cash management services between the Company and its consolidated subsidiaries

The Company concluded an agreement, described below, with its subsidiaries and affiliates for the purpose of improving the efficiency of Group financing, management and settlement operations.

Name of agreement	GMO Internet Group's Basic Agreement For the Provision of Cash Management Services
Counterparty to the agreement	Magelick Inc. and GMO San Planning INC. (Note)
Main content	Collective cash management services for the GMO Internet Group, including account management services such as the balance management of concentration accounts (including super short-term deposits), cash transactions including loans and deposits, and associated cash transfers among participating companies, and accounting handling.

(Note) The Company had concluded the above agreement with its subsidiaries, namely GMO Payment Gateway, Inc., GMO HOSTING & SECURITY, INC., GMO NETCARD, Inc., JWord Inc., and GMO internet securities, Inc., before the filing date of the semiannual report.

5. Research and development activities

Total research and development expenses for the Group in the consolidated accounting term under review reached 65,806,000 yen. The expenses were primarily for improvement of server functions and research and development for various solutions that GMO Hosting & Security, Inc., a consolidated subsidiary, has been implementing.

No.3 Status of Facilities

1. Status of major facilities

There was no item requiring particular mention during the consolidated interim accounting period under review.

2. Plan for new installation and retirement, etc. of facilities

There was no item requiring particular mention during the consolidated interim accounting period under review.

No.4 Status of the Company Submitting the Report

1. Status of shares, etc.

- (1) Total number of shares, etc.
 - 1) Total number of shares

Type Total number of shares that can be issued (
Common shares	248,125,000		
Total	248,125,000		

2) Outstanding shares

Туре	Number of shares issued as of the end of the interim accounting term (June 30, 2006)	1 (Santomber 22-2006)	Name of securities exchange of listing or name of securities dealers association of registration	
Common shares	62,031,378	62,128,378	First Section, Tokyo Stock Exchange	_
Total	62,031,378	62,128,378		_

(2) Status of equity warrants, etc.

The Company issued equity warrants in accordance with the provisions of Article 280-20 and Article 280-21 of the Commercial Code as follows.

Extraordinary :	resolution date of the Extraordinary General Shareh	olders Meeting (August 30, 2002)
	As of the end of the interim accounting term (June 30, 2006)	As of the end of the month preceding the submission date (as of August 31, 2006)
Number of equity warrants	123 (Note 1)	
Type of share associated with equity warrants	Common shares	
Number of shares associated with equity warrants	123,000 shares (Note 2)	
Amount to be paid on exercise of equity warrants	353 yen per share (Note 2)	
Exercise period of equity warrants	From September 1, 2003 to August 31, 2006	
Issuance price and amount included in capital when shares are issued through exercise of equity warrants Conditions for exercise of equity warrants	(1) Issue price of shares 353 yen per share (Note 2) (2) Amount included in capital from the issuance price 177 yen (When the payment amount is adjusted according to Note 2, the amount included in capital is half the payment amount after adjustment. Further, fractions arising as a result of the calculation are rounded down to the nearest whole yen.)	n/a (Note 3)
	(1) Recipients of equity warrants must be directors, auditors, executive advisors, employees or corporate advisors of the Company or the Company's affiliates, or directors or employees of the major clients of the Company Group as of the exercise of equity warrants. (2) Successors of the recipients may not exercise equity warrants.	
Matters related to transfer of equity warrants	The transfer of equity warrants requires the approval of the Board of Directors of the Company.	
Items related to substitutive payment	n/a	

- (Notes) 1. The number of shares to be issued on the exercise of each equity warrant is 500. However, when the Company carries out a stock split or a reverse stock split, etc. of its common shares, the number of shares to be issued on the exercise of equity warrants will be adjusted using the equation in the following paragraph.
 - 2. Adjustment of the number of shares as the purpose of equity warrants and the payment amount
 - (1) Adjustment of shares

When the Company carries out a share split or a reverse share split after issuing equity warrants, the number of shares associated with the equity warrants is adjusted with the following equation. However, the adjustment is made only to the number of shares associated with equity warrants that have not been exercised as of that time. Fractions of less than one share are discarded.

Number of shares after adjustment = Number of shares before adjustment X Ratio of share split or reverse share split

Further, when the Company merges with another company or consolidates with another company and the equity warrants are transferred, when the Company conducts a share swap with another company with the Company becoming the 100% parent company, or when the Company consolidates with another company by establishing a new company or carries out a merger by divestiture with another company, the Company will adjust the number of shares associated with the equity warrants.

(2) Adjustment of the payment amount

When the Company carries out a share split or a reverse share split after issuing equity warrants, the payment amount per share will be adjusted with the following equation. Any fraction of less than one yen will be rounded down.

Payment amount per		Payment amount per		·	
share after	=	=	share before	x	Ratio of share split or
adjustment		adjustment		reverse share split	

When the Company merges or consolidates with another company and the equity warrants are transferred to the other company, when the Company conducts a share swap with another company with the Company becoming the 100% parent company, or when the Company consolidates with another company, establishing a new company or carries out a merger by divestiture with another company, the Company will adjust the payment amount per share.

3. All of these stock subscription rights had been exercised prior to August 31, 2006.

Extraordina	ary resolution date of the Regular General Shareho	
	As of the end of the interim accounting term (June 30, 2006)	As of the end of the month preceding the submission date (as of August 31, 2006)
Number of equity warrants	100 (Note 1)	· · · · · · · · · · · · · · · · · · ·
Type of share associated with equity warrants	Common shares	
Number of shares associated with equity warrants	10,000 shares (Note 2)	
Amount to be paid on exercise of equity warrants	3,039 yen per share (Note 2)	
Exercise period of equity warrants	From April 1, 2006 to March 28, 2015	
Issuance price and amount included in capital when shares are issued through exercise of equity warrants Conditions for exercise of equity warrants	(1) Issue price of shares 3,039 yen per share (Note 2) (2) Amount included in capital from the issuance price 1,520 yen (When the payment amount is adjusted according to Note 2, the amount included in capital is half the payment amount after adjustment. Further, fractions arising as a result of the calculation are rounded down to the nearest whole yen.)	Same as the left
	(1) Recipients of equity warrants must be directors, auditors, executive advisors, employees or corporate advisors of the Company or the Company's affiliates, or directors or employees of the major clients of the Company Group as of the exercise of equity warrants. (2) Successors of the recipients may not exercise equity warrants.	
Matters related to transfer of equity warrants	The transfer of equity warrants requires the approval of the Board of Directors of the Company.	
Items related to substitutive payment	n/a	

- (Notes) 1. The number of shares to be issued on the exercise of each equity warrant is 500. However, when the Company carries out a stock split or a reverse stock split, etc. of its common shares, the number of shares to be issued on the exercise of equity warrants will be adjusted using the equation in the following paragraph.
 - 2. Adjustment of the number of shares as the purpose of equity warrants and the payment amount

(1) Adjustment of shares

When the Company carries out a share split or a reverse share split after issuing equity warrants, the number of shares associated with the equity warrants is adjusted with the following equation. However, the adjustment is made only to the number of shares associated with equity warrants that have not been exercised as of that time. Fractions of less than one share are discarded.

Number of shares after adjustment = Number of shares before adjustment X Ratio of share split or reverse share split

Further, when the Company merges with another company or consolidates with another company and the equity warrants are transferred, when the Company conducts a share swap with another company with the Company becoming the 100% parent company, or when the Company consolidates with another company by establishing a new company or carries out a merger by divestiture with another company, the Company will adjust the number of shares associated with the equity warrants.

(2) Adjustment of the payment amount

When the Company carries out a share split or a reverse share split after issuing equity warrants, the payment amount per share will be adjusted with the following equation. Any fraction of less than one yen will be rounded

down.

Payment amount per		Payment amount per		1
share after	=	share before	x	Ratio of share split or
adjustment		adjustment		reverse share split

When the Company merges or consolidates with another company and the equity warrants are transferred to the other company, when the Company conducts a share swap with another company with the Company becoming the 100% parent company, or when the Company consolidates with another company, establishing a new company or carries out a merger by divestiture with another company, the Company will adjust the payment amount per share.

(3) Changes in the total number of shares issued and capital, etc.

	Month, Date, Year	Change in total number of shares issued (Shares)	number of	change in capital		Change in capital reserve (Thousand yen)	
ĺ	From January 1, 2006 to June 30, 2006	-	62,031,378	1	3,311,130	1	5,238,528

(Note) From August 1 to August 31, 2006, the following new shares were issued in accordance with the exercise of the first stock subscription right.

	Month, Date, Year	Change in total number of shares issued (Shares)	number of	Change in capital (Thousand yen)			Outstanding capital reserve (Thousand yen)
i	August 31, 2006	97,000	62,128,378	17,169	3,328,299	17,072	5,255,600

(4) Status of major shareholders

As of June 30, 2006 Ratio of number Number of shares of shares held to held (Thousand Name or Title Address total number of shares) shares issued 22,400 36.11 Masatoshi Kumagai Office, Ltd. 3-18-16, Minami-Aoyama, Minato-ku 1 QUEEN'S ROAD CENTRAL HONG 2,726 4.40 HSBC Fund Service J2 (Standing proxy: Tokyo Branch of Hong KONG (3-11-1, Nihonbashi, Chuo-ku) Kong Shanghai Bank) 2,000 3.22 3F Minami-Aoyama Mori Building, 3-18-16, Masatoshi Kumagai Minami-Aoyama, Minato-ku 1,886 3.04 AM SEDERANGER 5, MUNICH, F. R. Bayerische Vereinsbank A.G. (customer GERMANY accounts) (Custody Operation Department, 2-7-1, (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Marunouchi, Chiyoda-ku) 1 QUEEN'S ROAD CENTRAL HONG 1,362 2.20 HSBC Fund Service J1 KONG (Standing proxy: Tokyo Branch of Hong Kong Shanghai Bank) (3-11-1, Nihonbashi, Chuo-ku) 1 QUEEN'S ROAD CENTRAL HONG 888 1.43 SNFE MAC Japan Active Shareholder Fund LP KONG (Standing proxy: Tokyo Branch of Hong (3-11-1, Nihonbashi, Chuo-ku) Kong Shanghai Bank) 878 1.42 Master Trust Bank of Japan, Ltd. (trust 2-11-3 Hamamatsu-cho, Minato-ku account) 705 1.14 Japan Trustee Service Bank, Ltd. (trust 1-8-11, Harumi, Chuo-ku account)) 0.97 600 3-18-16, Minami-Aoyama, Minato-ku Kaoru Kumagai 596 0.96 96, BOULEVARD HAUSSMAN 75008 CA-IS Bank, Paris Ordinary Account (Standing proxy: The Bank of Tokyo-PARIS FRANCE (Custody Operation Department, 2-7-1, Mitsubishi UFJ, Ltd.) Marunouchi, Chiyoda-ku) 34,044 54.88 Total

(5) Status of voting rights

1) Issued shares

As of June 30, 2006

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	-		-
Shares with limited voting rights (treasury shares, etc.)			
Shares with limited voting rights (others)	-	_	_
Shares with full voting rights (treasury shares, etc.)	(Shares held by the Company) Common shares 26,700	-	
Shares with full voting rights (others)	Common shares 62,000,100	620,001	-
Shares less than one unit	Common shares 4,578	-	
Total number of shares issued	62,031,378	-	<u></u>
Voting rights held by all shareholders		620,001	, -

(Notes) 1. "Shares with full voting rights (other)" include 5,100 shares under the name of Japan Securities Depository Center, Inc. (51 voting rights).

2. "Shares less than one unit" include 84 shares of treasury shares held by the Company.

2) Treasury shares etc.

As of June 30, 2006

					72 01 1 mic 20, 2000
Name or Title of the holder	Address of the holder	Number of shares held under its name	Number of shares under other persons' name	Total number of shares held	Ratio of the number of shares held to the total number of shares issued
(Shares held by itself) GMO Internet, Inc.	26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	26,700		26,700	0.04
Total		26,700	_	26,700	0.04

2. Changes in the stock price

Monthly highs and lows during the interim accounting term under review

Month	January 2006	February	March	April	May	June
Highest (yen)	2,975	2,360	2,245	2,285	2,005	1,650
Lowest (yen)	1,971	1,610	1,700	1,851	1,500	1,210

(Note) The highest/lowest stock prices are at the First Section of the Tokyo Stock Exchange.

3. Status of directors

There was no change in officers from the filing date of the securities report for the previous fiscal year to the filing date of this semiannual report.

No.5 Status of Accounting

- 1. With respect to the method of producing the consolidated interim financial statements and the interim financial statements
- (1) The consolidated interim financial statements of the Company are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Interim Financial Statements" (Ministry of Finance Ordinance No.24, 1999; hereinafter, the "Regulations Concerning Consolidated Interim Financial Statements").

The consolidated interim financial statements for the previous consolidated interim accounting term (from January 1, 2005 to June 30, 2005) are prepared based on consolidated interim financial statements before the amendment in accordance with the conditional clause in Article 3 of the supplementary provisions of the "Cabinet Office Ordinance to Amend Part of the Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements, Etc." (Cabinet Office Ordinance No.5 on January 30, 2004).

The consolidated interim financial statements for the previous consolidated interim accounting term (from January 1, 2005 to June 30, 2005) and those for the consolidated interim accounting term under review (from January 1, 2006 to June 30, 2006) are prepared based on the "Regulations Concerning Consolidated Interim Financial Statements" before and after the amendment, respectively.

(2) The interim financial statements of the Company are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Interim Financial Statements" (Ministry of Finance Ordinance No.38, 1977; hereinafter, the "Regulations Concerning Interim Financial Statements").

The interim financial statements for the previous interim accounting term (from January 1, 2005 to June 30, 2005) are prepared based on interim financial statements before the amendment in accordance with the conditional clause in Article 3 of the supplementary provisions of the "Cabinet Office Ordinance to Amend Part of the Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements, Etc." (Cabinet Office Ordinance No.5 on January 30, 2004).

The interim financial statements for the previous interim accounting term (from January 1, 2005 to June 30, 2005) and those for the interim accounting term under review (from January 1, 2006 to June 30, 2006) are prepared based on the "Regulations Concerning Interim Financial Statements" before and after the amendment, respectively.

2. With respect to audit certificate

Pursuant to the provision in Article 193-2 of the Securities and Exchange Law, an interim audit of the Company's consolidated interim financial statements for the previous consolidated interim accounting term (from January 1, 2005 to June 30, 2005) and non-consolidated interim financial statement for the previous non-consolidated interim accounting term (from January 1, 2005 to June 30, 2005) has been carried out by ChuoAoyama Audit

Corporation, and an interim audit of the Company's consolidated interim financial statements for the consolidated interim accounting term under review (from January 1, 2006 to June 30, 2006) and non-consolidated interim financial statements for the non-consolidated interim accounting term under review (from January 1, 2006 to June 30, 2006) has been carried out by Deloitte Touche Tohmatsu, which has been appointed as the replacement audit corporation.

3. Replacement of the audit corporation

The audit corporation of the Company has been replaced as follows.

Previous consolidated and non-consolidated interim accounting term: ChuoAoyama Audit Corporation

. Consolidated and non-consolidated interim accounting term under review: Deloitte Touche Tohmatsu

1. Consolidated Interim Financial Statements, etc.

- (1) Consolidated Interim Financial Statements
 - 1) Consolidated Interim Balance Sheet

		End of the co	As of June 30, 2005 and of the consolidated accounting period of the previous fiscal year		End of the co	June 30, 2006 nsolidated acc of this fiscal ye	ounting	Consolid	ecember 31, 20 lated balance sl the previous fis	iect cal year
Section	Note Number	1	ount nd yen)	Composi- tion (%)		ount nd yen)	Composi- tion (%)		nount and yen)	Composi- tion (%)
(Assets)		(4,7043)	309	wo.1(14)	(inousa	,, <u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>		(1.1022		
I Current Assets										•
Cash and deposits			11,467,451			24,071,370			24,192,882	,
2. Accounts receivable			2,810,998			2,889,226			2,965,738	
3. Inventory assets			28,685			50,055			31,605	
4. Deferred tax asset			633,108			2,080,624			1,544,780	
5. Shortterm loans receivable	*4		97,249			35,295			_	
6. Operational loans	+ 2,		_			27,544,675			27,010,379	
,	4,5									
7. Other assets Allowance for doubtful			996,546		1	6,309,307			5,350,565	
debts			- 329,222			- 6,375,101			- 6,589,597	
Total Current Assets		:	15,704,818	57.1		56,605,453	61.0		54,506,355	61.9
II Fixed assets					r					
1. Tangible fixed assets										
(1) Buildings and structures	• 1		176,650			288,147			255,231	
(2) Tools and equipment	• 1	į	318,453			550,409			532,809	
(3) Others	•1	•	48,666			59,396			40,566	
Total Tangible Fixed Assets		!	543,770	2.0		897,954	1.0		828,607	0.9
2. Intangible fixed assets		•								
(1) Goodwill		•	477,568			497,807			409,072	
(2) Software			565,101			2,683,090			2,053,300	
(3) Account for consolidated adjustments			2,312,203			16,376,076			16,792,246	
(4) Others]	394,557			342,068		İ	459,380	{
Total of intangible fixed assets	l		3,749,430	13.6		19,899,043	21.4		19,713,999	22.4
3. Investments and other assets	٠									
(1) Investments in securities	* 2		5,522,403			8,635,227	İ		6,676,076	
(2) Deposit			1,035,180			894,690		ļ	1,041,181	
(3) Deferred tax asset		•	323,645		,	503,157	'	Ì	678,309	
(4) Others			615,448			5,424,990			4,626,556]
Allowance for bad debt			- 7,331	ļ	·	- 15,668			- 13,718	
Total of investments and other assets			7,489,346	27.3		15,442,396	16.6		13,008,406	14.8
Total of fixed assets			11,782,547	42.9		36,239,394	39.0		33,551,013	38.1
Total of assets	:		27,487,365	100.0		92,844,847	100.0		88,057,369	100.0

-		End of the cor	June 30, 2005 isolidated acc previous fisc	ounting al year	End of the co period o	f this fiscal ye	ounting ar	Consolida summary in th		neet cal year
Section	Note Number	Amo (thousar		Composi- tion (%)	Amo (thousa		Camposi- tion (%)	Amo (thousa:		Composi- tion (%)
(Liabilities)		, , , , , ,								
. Current liabilities										
Notes payable and accounts payable - trade			1,202,083			855,510			1,145,053	
2. Short-term debt	* 2		2,178,000			30,037,308			7,591,000	
3. Current portion of long-	+ 2		_			9,900,982			8,300,400	
term debt 4. Bonds to be redeemed within one year			_			150,000			150,000	
5. Convertible bonds with						_			31,000,000	
equity warrant to be repaid within one year						• _			31,000,000	
6. Accrued amount payable			2,283,287			2,116,945			2,288,712	
7. Accrued corporation tax,			752,671			1,017,300			2,610,787	
etc 8. Advance money			1,248,938			1,736,563			1,382,220	
9. Allowance for bonuses	ĺ	ļ	108,832			132,377	1		108,681	
10. Allowance for loss on interest reimbursement			_			1,107,600			· · · · · · · · · · · · · · · · · · ·	
11. Other liabilities			1,535,569			3,911,836	ŀ		1,858,193	
Total of current liabilities			9,309,382	33.9		50,966,424	54.9		56,435,049	64.1
II Fixed liabilities										
Long-term bonds payable						4,075,000			4,150,000	
2. Long-term debt	• 2		_			11,571,868			5,445,950	}
3. Long-term accounts payable			560,353			638,271			656,317	ļ
4. Deferred tax liability	l		78,412			1,191,289			2,793	ł
5. Officers' retirement allowance reserve						56,400			50,200	
Allowance for retirement benefits for employees			_			198,242			192,238	
7. Other fixed liabilities			52,950			70,561			157,849	
Total of fixed liabilities	1		691,716	2.5		17,801,632	19.2	;	10,655,349	12.1
III Reserves under special laws										
Reserve for securities trading liabilities	•3		_			208			_	
Total reserves under			_		'	208	0.0		_	}
special laws						CD 7/0 2//	74.1		67,090,398	76.2
Total of liabilities			10,001,099	36.4		. 68,768,266	/4.1		01,030,336	,0.2
(Minority Equity)							l		4,684,079	5.3
Minority equity			3,858,485	14.0					4,064,079	, ,,
(Shareholder's Equity)									2 2 1 1 1 2 0	3.8
Capital stock			3,311,130			-	-		3,311,130 5,353,357	ļ
II Capital reserve		1	5,309,729			-	_		7,617,791	8.6
III Earned surplus IV Other gaps in appraisal			5,024,284	l		-	-		1	1
of securities V Equity adjustment from foreign currency			31,509 13,668	0.1		_	_		28,214 - 3,621	-0.0
translation]			- 23,980	
VI Own stocks			- 62,540	1		<u> </u>	┤ ̄			1
Total of shareholders' equity Total of liabilities,			13,627,780	1			-		16,282,890	
minority equity and shareholders' equity			27,487,365	100.0					88,057,369	100.0

		End of the co period of the	previous fisc	ounting	End of the cor period o	f this fiscal y	counting ear	Consolida summary in t		sheet scal yea
Section	Note Number	1	Amount (thousand yen)		Amount (thousand yen)		Composi- tion (%)		ount nd yen)	Compasi tion (%)
(Net Assets)										
I Shareholders' equity										ļ
1. Capital stock		^	_			3,311,130	3.6		_	-}
2. Capital reserve		,	_			5,358,992	5.8			
3. Earned surplus	}		_			7,501,438	8.0			-
4. Own stocks	[_			- 7,108	- 0.0			
Total shareholders' equity			_			16,164,452	17.4			-
I Valuation/translation gains and losses, etc.	<u> </u> -									
Other gaps in appraisal of securities			_			1,117,322	1.2		-	1
2. Deferred hedge gains and losses			_			8,111	0.0		_	-
Equity adjustment from foreign currency translation						- 12,966	0.0		_	-
Fotal valuation/translation gains and losses, etc.			_		İ	1,112,468	1.2	; ;	_	-
Il Share subscription rights		ļ	_			34,398	0.0		-	1
V Minority interests			_			6,765,262	7.3			-
Total Net Assets			_]		24,076,581	25.9		_	-
Total Net Assets plus Total Liabilities			-			92,844,847	100.0		_	

2) Consolidated Interim Profit and Loss Statement

		in the From	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005		in From J to J	d accounting this term anuary 1, 200 une 30, 2006	6	Consolidated profit and loss statement summary in the previous fiscal year From January 1, 2005 to December 31, 2005 Amount Composi-			
Section	Note Number		ount and yen)	Composi- tion (%)	Ame (thousa		Composi- tion (%)	Amo (thousar		Composi- tion (%)	
I. Operating revenue		(4.00.0	14,304,032	100.0	(23,042,961	100.0		37,219,808	100.0	
II. Business expenses	• 1		6,139,986	42.9		6,674,202	28.9		12,814,347	34.4	
III. Sales and general	* 2, 3		7,041,843	49.2	}	14,359,606	62.3		20,052,980	53.9	
administrative expenses	_,_		1,122,201	7.9		<u>.</u>	8.7	ŀ	4,352,481	11.7	
Operating profit			1,122,201	,,,		2,009,152	•.′		104,372,401	11.,	
IV. Non-operating revenue 1. Interest received		7.031			2,956		i I	25,386			
2. Fees received		4,911			34,072			52,297			
3. Bad debt recovered		1,818			34,072			2,152			
4. Profit from investment		l ' i						·			
partnership	}	11,715			23,973			28,349		'	
5. Foreign exchange gain	}	-		İ	-			16,769			
6. Sales compensation payments		48,300			_		}	48,300			
7. Others	1	39,823	113,600	0.8	46,464	107,789	0.5	74,690	247,946	0.6	
V. Non-operating expenses				1							
1. Interest paid		9,791			58,061			19,020			
2. Stock issue costs		10,626			2,058			37,866			
3. Bond issue cost		_			_			21,126			
4. Loss from investment partnership		10,264			_		l i	3,870			
5. Exchange loss		7,637			1,516			_			
6. Initial public offering	١.,	13,473			_		1				
expenses	•	13,473									
7. Expense for out-of-court settlement					_			341,470			
8. Fees and commissions		1			100 (70		ŀ			<u> </u>	
paid		_	i		109,630						
9. Others	Į.	29,767	81,560	0.6	18,411	189,678	1	73,976	497,330	13	
Ordinary profit			1,154,241	8.1		1,927,263	8.4		4,103,097	11.0	
VI. Extraordinary profit				ļ			'				
Gain from the prior-term adjustment	+ 5	l –		1	14,069			34,868		1	
2. Gain on sales of fixed	• 6]	14,287			
assets	10	11,319			-			14,207			
3. Gain on sales of investments on stocks of		446,176			822,756	}		459,788			
securities		710,170	·	1	622,130			492,100	Ì		
4. Gain on sales of			! '	1	į]		[
investments on stocks of	1	319,304			342,045			3,010,629			
affiliated companies 5. Profit from change of											
equity investees	•7	709,995	1		303,525	1		1,364,951			
6. Gain on sales of		_	1		6,185			_			
businesses 7. Gain on return of											
7. Gain on return of allowance for doubtful		_	1,486,795	10.4	20,820	1,509,401	6.6	20,595	4,905,120	13.2	
debis			[{		
VII Extraordinary loss	[1	i]	
1. Loss from the prior-term	+ 8	_			41,987			11,093		1	
adjustment 2. Loss on sales of fixed											
assets	1 *9	94,785			_			95,673			
Loss on retirement of fixed assets	* 10	276,462			48,604	1		489,504			
4. Devaluation of goodwill	11	64,914			-	ļ	l	82,193	1		

5. Loss on devaluation of			1	1	ı		. 1	1	1	
5. Loss on devaluation of subsidiaries		401			547,702			330,800		
6. Loss on sale of investment securities		-			7			_		
7. Loss on devaluation of affiliated company				:	25,000			10,049		
8. Loss on sales of investments on stocks of		_			1,100		:	6,932		
affiliated companies 9. Loss on appraisal of					_			41,649		
capital contribution 10. Loss on impairment of	• 12	_	ļ		78,347			41,042	:	
fixed assets 11. Loss on change of										
equity investees 12. Penalty for breaking a	• 13	230,889			9,351			246,289		
lease	* 14	72,471			10,618			75,158		
13. Loss on disposal of underforming business	• 15	372,303			1,993			773,325		
14. Provision for allowance for loss on interest reimbursement		_			1,050,680			-		
15 Expenses for change in corporate name		37,566						37,566	!	
16. Payments for damages	* 16	160,110			_			160,110		
17. Loss on redemption of bonds	l	_			_			54,979		
18. One-time amortization of prepaid expenses		_			278,929			· _		
19. Provision for reserve for securities trading liabilities		-			208			_		
20. Others		_	1,309,903	9.2	11,818	2,106,350	9.2	-	2,415,327	6.5
Current net profit before adjustment of taxes			1,331,133	9.3		1,330,314	5.8	-	6,592,891	17.7
Corporate tax, residential tax and business tax		800, 29 2			882,655			3,222,231		
Amount of adjustment, such as corporate tax		- 246,370	553,922	3.8	6,649	889,305	3.9	- 266,035	2,956,196	7.9
Profit of minority shareholders			110,607	0.8		247,978	1.1		377,741	1.0
Current period net profit			666,603	4.7		193,030	0.8		3,258,953	8.8

3) Statement of Consolidated Surplus

		Consolidated acco in the previo From January to June 30	nus term y 1, 2005), 2005	Statement of consolida in the previou From Janua to Decemb	s fiscal year ry 1, 2005 er 31, 2005		
Section	Note Number	Amou (thousand	•	Amount (thousand yen)			
(Capital Surplus)							
Balance of capital surplus at beginning of term			5,284,148		5,284,148		
II. Increase in capital surplus							
Issue of new stocks through stock swap		-		30,692			
2. Gains on sales of treasury stock		25,580	25,580	38,515	69,208		
III. Balance of capital reserve at end of term			5,309,729		5,353,357		
(Earned Surplus)							
I. Balance of earned surplus at beginning of term			4,768,047		4,768,047		
II. Increase in earned surplus							
1. Interim (current) net profit		666,603		3,258,953			
Increase in earned surplus due to a decrease in the number of consolidated subsidiaries		. 2,471		2,471			
Increase in earned surplus due to merger			669,075	5,226	3,266,651		
III. Decrease in earned surplus							
1. Dividend		367,330	:	367,330			
Bonus to directors and statutory auditors		36,063		36,063			
Decrease in surplus due to increased number of consolidated subsidiaries		-		4,023			
Decrease in surplus due to mergers		8,805		8,805			
5. Decrease in surplus due to merger of consolidated subsidiaries and affiliates		638	412,838	684	416,907		
IV. Balance of earned surplus at end of term			5,024,284		7,617,791		

Consolidated Statement of Changes in Shareholders' Equity etc.
 Consolidated accounting term under review (from January 1, 2006 to June 30, 2005)

	Shareholders' equity								
	Capital stock	Capital reserve	Earned surplus	Own stocks	Total shareholders'				
Balance as of December 31, 2005 (thousand yen)	3,311,130	5,353,357	7,617,791	- 23,980	16,258,297				
Changes in consolidated accounting period									
Distribution of retained earnings			- 185,821		- 185,821				
Directors' bonuses based on the appropriation of retained earnings			- 55,719		- 55,719				
Net Income			193,030		193,030				
Decline in retained earnings due to mergers	-		- 3,533		- 3,533				
Decline in retained earnings due to an increase in consolidated subsidiaries			- 64,307		- 64,30				
Disposition of treasury stocks		5,634		16,872	22,507				
Total changes in the consolidated accounting period (thousand yen)	_	5,634	- 116,352	16,872	- 93,844				
Balance as of June 30, 2006 (thousand yen)	3,311,130	5,358,992	7,501,438	- 7,108	16,164,452				

· · · · · · · · · · · · · · · · · · ·	Val	uation/translation	gains and losses,	etc.	Share		
	Other gaps in appraisal of securities		Equity adjustment from foreign currency translation	Total valuation/transla tion gains and losses, etc.	subscription	Minority equity	Total net assets
Balance as of December 31, 2005 (thousand yen)	28,214	38,259	- 3,621	62,853	-	4,684,079	21,005,230
Changes in consolidated accounting period						i	
Distribution of retained earnings	,				,		- 185,821
Directors' bonuses based on the appropriation of retained earnings							- 55,719
Net Income							193,030
Decline in retained earnings due to mergers							- 3,533
Decline in retained earnings due to an increase in consolidated subsidiaries						!	- 64,307
Disposition of treasury stocks			1				22,507
Changes (net) in items other than shareholders' equity during the consolidated interim accounting period	1,089,108	- 30,148	- 9,344	1,049,614	34,398	2,081,183	3,165,196
Total changes in the consolidated accounting period (thousand yen)	1,089,108	- 30,148	- 9,344	1,049,614	34,398	2,081,183	3,071,351
Balance as of June 30, 2006 (thousand yen)	1,117,322	8,111	- 12,966	1,112,468	34,398	6,765,262	24,076,581

5) Statement of consolidated Cash Flow

		Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2005 to December 31, 2005
Section	Note Number	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
I. Cash flow from operating activities				
Current net profit before adjustment of tax, etc.		t,331,133	1,330,314	6,592,891
Depreciation charge	ŀ	289,900	668,879	906,553
Loss on impairment of fixed assets			78,347	_
Amortization of the consolidated		292,001	666,427	957,428
adjustment account Increase in allowance for doubtful debts		- 54,425	- 212,594	- 297,663
Increase in allowance for bonuses	ŀ	71,118	29,698	- 9,786
Increase or decrease in retirement benefit costs			6,200	19,627
Increase in allowance for loss on interest reimbursement		-	1,107,600	_
Gain on sales of investments in securities		- 446,176	- 822,756	- 459,788
Gain on sales of stocks of affiliated companies		- 319,304	- 342,045	- 3,010,629
Gain on sales of businesses	1	-	- 6,185	-
Interest received and dividend received		- 7,031	- 2,956	- 25,386
Interest paid		9,791	58,061	18,948
Foreign currency transaction gain and		_	_	- 36,592
loss Stock issue costs		10,626	2,058	37,866
Loss on sales of investments in securities			_	1
Loss on devaluation of investments in securities		401	547,702	330,800
Loss from write-down of investments in affiliates			25,000	10,049
Loss on appraisal of capital contribution		-	_	41,649
Depreciation of goodwill		64,914	_	82,193
Loss on retirement of fixed assets		276,462	48,604	489,504
Loss on sales of fixed assets		94,785	_	95,673
Gain on sales of fixed assets	1	- 11,319	_	- 14,287
Loss from change of equity investees		230,889	9,351	246,289
Gain from change of equity investees		- 709,995	- 303,525	- 1,364,951
Increase (decrease) in operational loans		-	- 534,295	- 3,074,384
Increase in deposits received for securities			463,350	_
Increase in segregated customer funds		-	-710,000	_
Increase in guarantee money received		_	752,010	
Increase (decrease) in accounts receivable		806,647	80,233	685,514
Increase (decrease) in inventory assets		17,385	- 17,164	16,912
Increase (decrease) in other assets		- 174,951	- 1,077,002	1,472,880

Increase (decrease) in purchase debts	- 97,377	- 823,946	- 173,401
Increase (decrease) in other liabilities	- 229,133	1,146,642	- 1,001,403
Paid director's bonuses	- 43,025	- 69,252	- 43,025
Subtotal	1,403,319	2,098,757	2,493,484

7001		Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2005 to December 31, 2005
Section	Note Number	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
Interest and dividend received		7,208	2,265	25,300
Interest paid		- 9,492	- 59,761	- 19,020
Payment for damages		-	_	- 160,110
Payment of corporate tax, etc.		- 1,779,297	- 2,394,691	- 2,498,012
Cash flow from operating activities		- 378,262	- 353,429	- 158,357
II. Cash flow from investing				
activities				
Expenditure incurred by deposit of fixed deposit		-	_	-81
Revenue accrued by repayment of fixed deposit		97,300	850,000	697,308
Expenditure incurred by				417.516
acquisition of tangible fixed assets		- 177,279	- 217,913	- 417,512
Revenue accrued by sales of tangible fixed assets		615,919	_	629,649
Expenditure incurred by acquisition of intangible fixed		- 302,397	- 1,114,207	- 769,332
assets Revenue accrued by sales of intangible fixed assets		37,048	_	79,797
Expenditure incurred on acquisition of investment in		- 1,481,346	- 1,790,730	- 2,462,387
securities Revenue accrued from sale of		828,205	1,338,506	839,655
investment in securities Revenue accrued from redemption of investment in		277,500	50,000	277,500
securities Expenditure incurred on			- 94,500	- 2,100,281
acquisition of investment in subsidiaries' securities Revenue accrued from sale of		- 265,716	- 94,500	- 2,100,201
investment in subsidiaries'		338,470	354,200	3,364,051
Expenditure incurred by acquisition of shares in new consolidated subsidiaries		- 278,233	-	_
Acceptance of subsidiaries' funds through stock swap		_	_	13,564
Amount of decrease resulting from change in scope of consolidation related to merger of subsidiaries		- 57,265	_	- 57,265
Expenditure incurred by acquisition of stock of new consolidated subsidiary		_	_	- 22,850,289
Expenditure incurred by loans	1	- 102,481	- 2,550	- 209,053
Revenue accrued by collection		43,973	108,273	112,344
on loans Expenditure incurred on the transfer of business		- 30,207	_	- 30,207
Revenue accrued from other		228,307	281,273	565,560
investing activities Expenditure incurred by other		- 184,222	- 185,620	- 416,267
investing activities Cash flow from investing	 	-412,426	- 423,266	- 22,733,175

		Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	Statement of consolidated cash flow summary in the previous fiscal year From January 1, 2005 to December 31, 2005
Section	Note Number	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
III. Cash flow from financial				
activities				
Revenue accrued by short-term	ł	_	32,002,304	6,800,000
loans payable	ľ		,0,0	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Expenditure incurred by	1			
repayment of short-term loans		- 500	- 9,555,996	- 9,935,800
payable	ŀ			
Revenue accrued by long-term]	13,800,000	12,446,300
debt Expenditure incurred by				
repayment of long-term loans			- 6,073,500	- 7,778,000
payable			,	
Revenue accrued by issue of			_	63,128,873
bonds		ĺ	i	00,120,070
Expenditure incurred by		_	-31,075,000	-31,475,000
redemption of debenture	1		, ,	•
Revenue incurred by issue of	l .	1,250,037	411,735	2,279,947
stocks for minority equity			•	
Revenue accrued by payment			1,470,000	-
from partners	ļ		•	,
Revenue or expenditure incurred	l	- 202,571	22,507	- 223,427
by acquisition of own stocks	ļ	100 674	192 600	- 362,399
Payment of dividends	{	- 180,634	- 183,509	- 302,399
Payment of dividends for		- 68,797	- 132,402	- 131,722
minority shareholders		001.27		
Cash flow from financial		797,533	686,139	34,748,770
activities		777,555	000,123	5 1,1 10,1 10
IV. Effect of exchange rate changes	į .	1,251	2,487	9,630
on cash and cash equivalents	<u> </u>	1,231	2,101	7,000
V. Net increase in cash and cash		8,096	- 88,068	11,866,868
equivalents		3,070		11,000,000
VI. Balance of cash and cash				l .
equivalents at the beginning of		11,319,354	23,202,882	11,319,354
term				
VII. Increase in cash and cash				
equivalents in accordance with	1	_ i	. 738,786	16.659
change of consolidated	1		. 130,700	30,200
subsidiaries	L			
VIII. Increase in cash and cash			77,770	_
equivalents due to mergers	 			
IX. Balance of cash and cash	1	I		
equivalents at the end of the	ļ	11,327,451	23,931,370	23,202,882

	Consolidated accounting period in the	Consolidated accounting period in this	FY2005
Section	previous term	term	(From January 1, 20, 2005
Scotton	From January 1, 2005	From January 1, 2006	to December 31, 2005)
	to June 30, 2005	to June 30, 2006	Of 20 mily idianiae the following 25
 Matters related to 	Of 33 subsidiaries, the following 21 companies are included in the scope	Of 38 subsidiaries, the following 29 companies are included in the scope	Of 39 subsidiaries, the following 25 companies are included in the scope
the scope of	of consolidation;	of consolidation;	of consolidation:
consolidation	Magelick Inc., GMO Media Inc.	Magelick Inc., GMO Media Inc.,	Magelick Inc., GMO Media Inc.
Consolidation	(former GMO Mobile&Desktop	GMO HOSTING & SECURITY.	(former GMO Mobile&Desktop
	Inc.), GMO Hosting and	INC., GMO Research Institute inc.,	Inc.), GMO HOSTING &
	Technologies, Inc., GMO	Internet Number Corporation,	SECURITY, INC., GMO
	Communications Co., Ltd., GMO Research Institute Inc., Internet	GeoTrust Japan, Inc., WEBKEEPERS, INC., Paperboy &	Communications Co., Ltd., GMO Research Institute Inc., Internet
	Number Corporation, GeoTrust	Co., Grandsphere Co., Ltd.,	Number Corporation, GeoTrust
	Japan, Inc., WEBKEEPERS, INC.,	Payment-One, Inc., GMO Research,	Japan, Inc., WEBKEEPERS, INC.,
	Paperboy & Co., Grandsphere Co.,	Inc., GMO Games, Inc. (former	Paperboy & Co., Grandsphere Co.,
	Ltd., Payment-One, Inc., GMO	Netclue Japan Co., Ltd.), Netclue	Ltd., Payment-One, Inc., GMO
	Research, Inc. (former GMO Media	Co., Ltd., GMO Payment Gateway, Inc., GMO San Planning INC., Tea	Research, Inc. (former GMO Media and Solutions Inc.), Netclue Japan
	and Solutions Inc.), Netclue Japan Co., Ltd., Netclue Co., Ltd., GMO	Cup Communication, LTD., JWord	Co., Ltd., Netclue Co., Ltd., GMO
	Payment Gateway, Inc., GMO San	Inc., @YMC CORPORATION,	Payment Gateway, Inc. (former Card
	Planning INC., TELECOM ONLINE	GMO Ad Networks, Inc. (former	Commerce Service Co., Ltd.), GMO
[Inc., Tea Cup Communication, LTD.,	GMO Affiliate, Inc.), GMO blog,	San Planning INC. (former SAN
	JWord Inc., (former AccessPort Inc.,	Inc., GMO NETCARD, Inc. (former Orient Credit Co., Ltd.), GMO	PLANNING Corporation), TELECOM ONLINE Inc., Tea Cup
1	@YMC CORPORATION, GMO Affiliate, Inc.	internet securities, Inc., GMO	Communication, LTD., JWord Inc.,
ļ	7.1.1.1.2.2.7.1.1.1.1	MediaHoldings, Inc., MAKESHOP	(former AccessPort Inc., @YMC
		Co., Ltd., Epsilon Inc., Mighty	CORPORATION, GMO Affiliate,
	i	Server, Inc., GMO VenturePartners,	Inc., GMO blog, Inc., GMO-
		Inc., GMO Venture Partners Investment Limited Partnership,	interTAINMENT, Inc., Solis Corporation, Orient Credit Co., Ltd.
		Blog Business Fund Investment	Corporation, Critish Croth Cost 200
	ļ	Limited Partnership	
		Seven companies included in the	•Two companies included in the scope
	One company which became a	scope of consolidation the Company	of consolidation the Company because
	consolidated subsidiary of the	because of their increased importance	of their increased importance
	Company along with the acquisition	GMO internet securities, Inc.	GMO blog, Inc.
1	of shares	MAKESHOP Co., Ltd.	GMO-interTAINMENT, Inc.
	@YMC CORPORATION	Epsiton Inc. Mighty Server, Inc.	·Three companies which became a
	1	GMO VenturePartners, Inc.	consolidated subsidiary of the
	ļ	Venture Partners Investment	Company along with the acquisition
i	[Limited Partnership	of shares
	1	Blog Business Fund Investment	@YMC CORPORATION
		Limited Partnership	Solis Corporation Orient Credit Co., Ltd.
ł		-	Orient Citati Con Ma
			One company which became a
	l	· One company which became a	consolidated subsidiary after being
ĺ	One company which became a	consolidated subsidiary after being	founded in the consolidated accounting term under review
1	consolidated subsidiary after being founded in the consolidated	founded in the consolidated	GMO Affiliate, Inc.
(accounting term under review	accounting term under review	
[GMO Affiliate, Inc.	GMO MediaHoldings, Inc.	 Five companies excluded from the
İ		Four companies excluded from the	scope of consolidation along with the
	• Five companies excluded from the	scope of consolidation along with the	merger Discount-Domain.com Inc.
	scope of consolidation along with the merger	merger	CCS Holding Co., Ltd.,
į	Discount-Domain.com Inc.	GMO Communications Co., Ltd.	i's Factory, Ltd.
	CCS Holding Co., Ltd.,	TELECOM ONLINE Inc.	3721 Network Software Co., Ltd.
	i's Factory,Ltd.	Solis Corporation GMO-interTAINMENT, Inc.	E-sumai Inc.
	3721 Network Software Co., Ltd. E-sumai Inc.		
	Esquisi nic.		
	·		

	· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·
Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
	Non-consolidated companies are Patent Incubation Capital Inc., GMO NETCARD, Inc., GMO-interTAINMENT, Inc., GMO blog, Inc. (former Forval Co.,Ltd.), Scratch Magazine Inc., 北京富生熊谷敦區 科技有限公司, Goo Via Japan Inc., Mighty Server, Inc., Swsoft Japan, Inc., 艾捷網絡軟件(北京) 有限公司, Epsilon Inc. MAKESHOP Co.,Ltd. All of these companies are small companies. Total assets, sales, net profit for the period (proportional to equity share), and retained earnings (proportional to equity share) of these companies have no major effect on the consolidated financial statements.	Non-consolidated companies are Patent Incubation Capital Inc., GMO NETCARD, Inc., Scratch Magazine Inc., 北京空生旅谷数陽科技有限公司, Goo Via Japan Inc., Swsoft Japan, Inc., 艾捷網絡軟件 (北京)有限公司, Mitumori.com, Inc., Woofooxing Network, Inc. All of these companies are small companies. Total assets, sales, net profit for the period (proportional to equity share), and retained earnings (proportional to equity share) of these companies have no major effect on the consolidated financial statements.	Non-consolidated companies are Patent Incubation Capital Inc., GMO NETCARD, Inc., Scratch Magazine Inc., 北京宝生服谷数碼科技有限公司, Goo Via Japan Inc., Mighty Server, Inc., 艾链網絡軟件 (北京) 有限公司, Epsilon Inc. MAKESHOP Co., Lul., GMO Ad Networks, Inc., GMO Venture Partners, Inc., GMO Venture Partners Investment Limited Partnership. All of these companies are small companies. Total assets, sales, net profit for the period (proportional to equity share), and retained earnings (proportional to equity share) of these companies have no major effect on the consolidated financial statements.
Matters related to application of the equity method	There is no equity method company. Twelve non-consolidated subsidiaries, namely Patent Incubation Capital Inc., GMO NETCARD, Inc., GMO Inc. (GMO Inc. (GMO Inc. (GMO Inc. (Iorner Forval Co., Ltd.), Scratch Magazine Inc., 北京宣生縣谷敦秀科技有限公司, Goo Via Japan Inc., Mighty Server, Inc., Swsoft Japan, Inc., 艾楼網絡軟件 (北京) 有限公司, Epsilon Inc. MAKESHOP CO., Ltd. and two affiliates, namely, Skylee Networks Inc., Humeia Registry Corporation have only a minor influence on net profit/loss (amount comparable to equity) and earned surplus (amount comparable to equity), etc., and their collective significance is low. Consequently, they are excluded from application of the equity method.	There is no equity method company. Nine non-consolidated subsidiaries, namely Patent Incubation Capital, Inc., GMO NETCARD, Inc., Scratch Magazine Co., Ltd., 北京改生派谷 数碼转接有限公司, Goo Via Japan Inc., SWsoft Japan, Inc., 艾捻網絡 软件(北京)有限公司,Mitumori.com, Inc., Woofooxing Network, Inc. and two affiliates, namely, Humeia Registry Corporation, Hit, Inc. have only a minor influence on net profit/loss (amount comparable to equity), etc., and their collective significance is low. Consequently, they are excluded from application of the equity method.	There is no equity method company. Fourteen non-consolidated subsidiaries, namely Patent Incubation Capital, Inc., GMO NETCARD, Inc., Scratch Magazine Co., Ltd., 北京或生旅谷数碼科技有限公司, Goo Via Japan Inc., Mighty Server, Inc., SWsoft Japan, Inc., 艾捷網絡軟件 (北京) 有限公司, Epsilon, Inc., MAKESHOP Co., Ltd., GMO Ad Networks, Inc., GMO Venture Partners, Inc., GMO internet securities, Inc., GMO Venture Partners Investment Limited Partnership and three affiliates, namely, Skylee Networks Inc., Humeia Registry Corporation, Blog Business Fund Investment Limited Partnership, have only a minor influence on net profit/loss (amount comparable to equity) and earned surplus (amount comparable to equity), etc., and their collective significance is low. Consequently, they are excluded from application of the equity method.
3. Matters related to the business year of consolidated subsidiaries	Of consolidated subsidiaries, the account closing date of GMO Payment Gateway, Inc. is September 30, for GYMC CORPORATION it is March 31. In preparing consolidated financial reports, to produce a financial report that serves as the basis for a consolidated financial report, we carry out the necessary provisional settlement of accounts as of the consolidated account closing date.	Of consolidated subsidiaries, the account closing date of GMO Payment Gateway, Inc. is September 30, for Epsilon, Inc., GMO NETCARD, Inc. (former Orient Credit Co., Ltd.) and GMO internet securities, Inc. it is March 31, for GMO Venture Partners Investment Limited Partnership and Blog Business Fund Investment Limited Partnership it is May 31. For the preparation of the consolidated interim financial statements based on the provisional settlement of accounts conducted on the consolidated interim closing date for GMO Payment Gateway, Inc., Epsilon Inc., GMO NETCARD, Inc. (former Orient Credit Co., Ltd.) and GMO internet securities, Inc. and use financial statements as of the same day for GMO Venture Partners Investment Limited Partnership and Blog Business Fund Investment Limited Partnership. For significant transactions that arose before the consolidated interim closing date, we made the necessary adjustments for consolidation.	Of consolidated subsidiaries, the account closing date of GMO Payment Gateway, Inc. is September 30, for @YMC CORPORATION and Orient Credit Co., Ltd. it is March 31. In preparing consolidated financial reports, to produce a financial report that serves as the basis for a consolidated financial report, we carry out the necessary provisional settlement of accounts as of the consolidated account closing date.

	Caralidated generating and a	Consolidated accounting paried	1
	Consolidated accounting period in the previous term	Consolidated accounting period in this term	FY2005
Section	From January 1, 2005	From January 1, 2006	(From January 1, 20, 2005
	to June 30, 2005	to June 30, 2006	to December 31, 2005)
	(1) Important appraisal standards and	(1) Important appraisal standards and	(1) Important appraisal standards and
4. Matters related to	appraisal method for assets	appraisal method for assets	appraisal method for assets
the accounting	1) Negotiable securities	1) Negotiable securities	1) Negotiable securities
standards	Other securities	Other securities	Other securities
	Securities with a market price	Securities with a market price	Securities with a market price
	We use the market value method	We use the market value method	We use the market value method
	according to the market value, etc.	according to the market value, etc.	according to the market value, etc.
	on the accounting date (variances in the evaluation are processed	on the accounting date (variances in the evaluation are processed	on the accounting date (variances in the evaluation are processed
	using the method to directly	using the method to directly	using the method to directly
	include all capital, and the cost of	include all capital, and the cost of	include all capital, and the cost of
	securities sold is calculated using	securities sold is calculated using	securities sold is calculated using
	the moving average method).	the moving average method).	the moving average method).
	Securities without a market price	Securities without a market price	Securities without a market price
	We adopt the cost method based	Some as at left	Same as at left
	on the moving average method.		
	2) Inventory assets Products	2) Inventory assets	2) Inventory assets Products
	Products are evaluated using the	Products Same as at left	Same as at left
	cost method based on the moving	Spine as at left	Products in progress
	average method.		The cost method from the
	Inventory goods	Inventory goods	individual method
	Inventory goods are evaluated	Same as at left	Inventory goods
	using the cost method based on		Same as at left
	the gross average method. (2) Important method of depreciation	(2) Important method of depreciation	(2) Important method of depreciation
}	of fixed assets	of fixed assets	of fixed assets
	1) Tangible fixed assets	1) Tangible fixed assets	1) Tangible fixed assets
	We adopt the fixed rate method.	Same as at left	Same as at left
1	Further, effective lives are as	1	l l
	follows:	İ	
	Buildings and structures		
}	From eight to 50 years Tools, equipment and fixtures	1	l l
1	From two to 20 years	l	
	2) Intangible fixed assets	2) Intangible fixed assets	2) Intangible fixed assets
	We adopt the fixed amount	Same as at left	Same as at left
	method. However, for software		l l
	used by the Company, we adopt		
1	the fixed amount method based on		
1	the usable period within the Company (five years).]
	(3) Important method of earmarking	(3) Important method of earmarking	(3) Important method of earmarking
1	of deferred assets	of deferred assets	of deferred assets
	New share issuing expense	New share issuing expense	New share issuing expense
	We treat the whole amount of new	Same as at left	Same as at left
	share issue expenses as expenses at		Bond issue cost We treat the whole amount of new
	the time they are incurred.	Ì	share issue expenses as expenses
	1		at the time they are incurred
	(4) Important standards for	(4) Important standards for	(4) Important standards for
	appropriation of allowances	appropriation of allowances	appropriation of allowances
	1) Allowance for bad debts	I) Allowance for bad debts	1) Allowance for bad debts
	To prepare for losses incurred by	Same as at left	Same as at left
Į.	defaults on accounts receivable,	·	
{	etc., given the loan loss ratio for		j i
	general credits and the individual collectability for specific credits		1
	such as doubtful debts, etc., we]
	post the estimated uncollectible		<u> </u>
	amount.		
	2) Allowance for bonuses	2) Allowance for bonuses	2) Allowance for bonuses
	To prepare for the payment of	Same as at left	To prepare for the payment of
	bonuses to employees, of the		bonuses to employees, of the
	estimated amount of payment, we		estimated amount of payment, we post the amount to be paid in the
	post the amount to be paid in the		consolidated accounting term
	consolidated accounting term under review.		under review.
L			

			
	Consolidated accounting period	Consolidated accounting period	FY2005
Casten	in the previous term	in this term	(From January 1, 20, 2005
Section	From January 1, 2005	From January 1, 2006	to December 31, 2005)
ł	to June 30, 2005	to June 30, 2006	to December 51, 2005)
	3) –	3) Allowance for retirement benefits	3) Allowance for retirement benefits
		for employees	for employees
		To prepare for payment of retirement	To prepare for payment of retirement
L		benefits for employees, such	benefits for employees, such
		allowance is posted based on	allowance is posted based on
			retirement benefit obligations and
		retirement benefit obligations and the	
		estimated amount of pension assets	the estimated amount of pension
		as of the end of the consolidated	assets as of the end of the
		accounting term under review.	consolidated accounting term under
		Any difference in mathematical	review.
		calculation is handled through the	Any difference in mathematical
		fixed amount method, whereby the	ealculation is handled through the
		amount calculated by dividing such	fixed amount method, whereby the
		difference by a certain number of	amount calculated by dividing such
		years (four years) within the average	difference by a certain number of
Į.		remaining length of service of	years (four years) within the average
		employees at the time when the	remaining length of service of
	į.	difference is accrued in each	employees at the time when the
ŀ	İ	consolidated accounting term is	difference is accrued in each
		treated as an expense from the	consolidated accounting term is
		following consolidated accounting	treated as an expense from the
1	[term.	following consolidated accounting
		wess.	term.
		4) Officers' retirement allowance	4) Officers' retirement allowance
1	4) ~	₹ = ···	reserve
		reserve	Same as at left
		To prepare for payment of officers'	Same 22 of left
		retirement allowances, the amount of	•
i		payment required at the end of term	i l
¹ '		under the officers' retirement]
1		allowance rules is posted.	
1	s)	5) Allowance for loss on interest	5) -
1	·	reimbursement	
1		To prepare for interest reimbursement	
		in the future, we record a reasonable	i
İ		estimated amount, taking into	
	Í	consideration the past and most recent	
Į.	1	reimbursement situations, etc.	
	6) -	6) Reserve for securities trading	6 -
İ	, o,	liabilities	"
		To prepare for losses arising from	<u> </u>
		incidents involving securities, we	
		record the amount calculated based on	
		Article 35 of the "Cabinet Office	
		Ordinance Concerning Securities	
		Companies" in accordance with	
		Article 51 of the Securities and	
		Exchange Law.	
}	(5) Important method to handle	(5) Important method to handle	(5) Important method to handle
1		leasing transactions	leasing transactions
l	leasing transactions	Same as at left	Same as at left
]	We apply the accounting treatment	Sattle #2 at left	Calle as at lett
1	following the method applied to	1	
	regular lease transactions to finance		
I	lease transactions other than those the		
I	ownership of which is recognized as		
	being transferred to a borrower.	(6) Important method of hedge accounting	(6) Important method of hedge accounting
I	(6) Important method of hedge accounting		I) Method of hedge accounting
I	1) Method of hedge accounting	1) Method of hedge accounting	The Company employs deferral
	When the requirements of	Same as at left	
I	allocation treatment are met, we		hedge accounting. Further, when
I	carry out the allocation treatment		forward-exchange contracts and
I	for foreign-exchange contracts and	l	currency swaps, meet the
1	currency swap.		requirements of allocation treatment,
	1		allocation treatment is applied.
	1	1	When interest-rate swaps meet the
		i	requirements of special exception
1	1	1	treatment, special exception treatment
1	ĺ	i	is applied.
1	2) Measures of hedge and subjects of	2) Measures of hedge and subjects of	Measures of hedge and subjects of
	hedge	hedge	hedge
	Measure Foreign:	Same as at left	Measure Foreign:
	exchange contracts and		exchange contracts
	currency swap	i	and currency swap
	Tananay Brink	l	Interest-rate swap
	Subjects: Foreign currency debts and	l	Subjects: Foreign currency debts and
	planned transactions		planned transactions
	historica amisanatus		Interest on borrowing, etc.
1	1	1	,

	3) Hedge policy The objective is to avoid risks arising from exchange rate fluctuations.	3) Hedge policy Same as at left	3) Hedge policy To avoid exchange risk, the Company implements exchange contract transactions and currency swap transactions. To avoid interest volatility risk in borrowing, etc., the Company implements interest-rate swap transactions. The subjects of hedging are identified for each
	4) Method for evaluation of validity of hedging We evaluate the validity by evaluating and judging the amount of debts and credits and the terms of hedge transactions, etc. for respective derivative transactions and the subjects of hedge in each case.	4) Method for evaluation of validity of hedging Same as at left	contract. 4) Method for evaluation of validity of hedging We evaluate the validity by evaluating and judging the amount of debts and credits and the terms of hedge transactions, etc. for respective derivative transactions and the subjects of hedge in each case. Further, as it is confirmed that interest-rate swaps meet the requirements of special exception treatment following the risk control policy on the closing of contracts, the evaluation of validity on the date of account closing is abbreviated.
	(7) Other important matters for production of the consolidated financial statements Accounting treatment of consumption tax, etc. We exclude tax for the accounting treatment of consumption tax.	(7) Other important matters for production of the consolidated financial statements Accounting treatment of consumption tax, etc. Same as at left	(7) Other important matters for production of the consolidated financial statements Accounting treatment of consumption tax, etc. Same as at left
5. Scope of capital in statement of consolidated cash flow	Capital (cash and cash equivalents, etc.) in the statement of consolidated cash flow consists of cash on hand, deposits withdrawable at any time, and short-term investments, which carry only a minor risk of fluctuating of value and which are redeemable within three months of the date of acquisition	Same as at left	Capital (cash and cash equivalents, etc.) in the statement of consolidated cash flow consists of cash on hand, deposits withdrawable at any time, and short-term investments, which carry only a minor risk of fluctuating of value and which are redeemable within three months of the date of acquisition

Changes in Accounting Treatment

Changes in Accounting Treatment		
Consolidated accounting period	Consolidated accounting period	FY2005
in the previous term	in this term	(From January 1, 20, 2005 to December 31, 2005)
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	Agency commissions and sales promotion
Agency commissions and sales promotion expenses which were previously posted as sales		expenses which were previously posted as sales
and general administrative expenses for the		and general administrative expenses for the
consolidated subsidiaries are now deducted from		consolidated subsidiaries are now deducted from
sales in the consolidated accounting term under		sales in the consolidated accounting term under review.
review. This change was made because their positions as		This change was made because their positions as
sales agencies has been further clarified and to		sales agencies has been further clarified and to
provide more appropriate disclosure of business		provide more appropriate disclosure of business
results given the increase in sales, including to agencies and advertisers, etc., the increase in the		results given the increase in sales, including to agencies and advertisers, etc., the increase in the
number of products handled, and future business		number of products handled, and future business
development		development.
Although, with this change, sales decreased by		Although, with this change, sales decreased by 884,328,000 yen from sales calculated via
447,899,000 yen from sales calculated via conventional methods, sales and general		conventional methods, sales and general
administrative expenses decreased by the same		administrative expenses decreased by the same
amount. Hence, there was no impact on		amount. Hence, there was no impact on operating profit, ordinary profit, and net profit
operating profit, ordinary profit, and net profit before taxes.		before taxes.
before taxes.		The impact on segment information is indicated
		in the relevant section.
	(Accounting standard for impairment of fixed	
	assets) From the consolidated interim accounting period	
	under review, the accounting standard for	
	impairment of fixed assets (the "Opinion	
	Concerning Establishment of Accounting Standard for Impairment of Fixed Assets*	
1	(August 9, 2002 by Accounting Standards Board	
Ĭ	of Japan)) and the "Guidance for Accounting	
1	Standard for Impairment of Fixed Assets"	
	(ASBJ Guidance No.6 on October 31, 2003 by Accounting Standards Board of Japan) are	
	applied.	
	As a result, income before income taxes and	
	minority interest declined 78,347,000 yen.	
	We subtract accumulated losses on the impairment of fixed assets directly from the	
	amount of each asset	
	(Accounting Standard for Presentation of Net	
	Assets in the Balance Sheet)	
	From the consolidated interim accounting period under review, the "Accounting Standard for	
<u> </u>	Presentation of Net Assets in the Balance Sheet"	
	(ASBJ Statement No.5 on December 9, 2005 by	
	the Accounting Standards Board of Japan) and	
	the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet"	
	(ASBJ Guidance No.8 on December 9, 2005 by	
İ	the Accounting Standards Board of Japan) are	
	applied. The amount corresponding to Shareholders'	
	Equity in the consolidated interim accounting	
	period under review is 17,268,809,000 yen.	,
	Based on the amendment of the "Regulations	
	Concerning Consolidated Interim Financial Statements." Net Assets in the consolidated	Ĺ
	interim balance sheet for the interim accounting	
	period under review are prepared based on the	
	"Regulations Concerning Consolidated Interim	1
	Financial Statements" after the amendment. (Accounting Standard for Directors' Bonus)	
	From the consolidated interim accounting period	
	under review, the "Accounting Standard for	1
	Directors' Bonus" (ASBJ Statement No. 4 on	
ļ	November 29, 2005) is applied. There is no effect on operating profit, ordinary profit, and	1
	income before income taxes and minority	1
	interests due to this application.	
	(Accounting Standard for Share-Based Payment	
L	and its Implementation Guidance)	

From the consolidated interim accounting period under review, the "Accounting Standard for Share-Based Payment and its Implementation Guidance" (ASBJ Statement No. 8 on December 27, 2005 by the Accounting Standards Board of Japan) and the "Guidance on Accounting Standard for Share-Based Payment" (ASBJ Guidance No. 11 on December 27, 2005 by the Accounting Standards Board of Japan) are applied. There is no impact on profits and losses as a result of this application.

Change in the method of representation

Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006
(Consolidated Balance Sheet)	
Along with official announcement of the law revising a portion of the Securities Exchange Law (Law No. 97 in 2004) on June 9, 2004 and its enforcement from December 1, 2004, as well as revisions to the practical guidelines regarding financial instruments accounting (Report No.14 of the Accounting System Committee) as of February 15, 2005, capital subscriptions to investment business limited partnerships and similar partnerships (which are deemed as negotiable securities under Article 2, Paragraph 2 of the Securities Exchange Law) are to be expressed as investments in securities from the consolidated accounting term under review. Further, the amount of such capital subscriptions under "Investments in Securities" posted in the consolidated balance sheet in the consolidated accounting term under review was 208,788,000 yen.	

Additional information

Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
From January 1, 2005 to June 30, 2005 The Law for the Partial Amendment of the Local Tax Law (No. 9 law of 2003) was promulgated on March 31, 2003, and the proforma standard taxation system is introduced in accounting terms that begin on and after April 1, 2004. Therefore, enterprise tax, which is pegged to the value-added input of the business and the size of capital, is included in selling, general and administrative expenses in accordance with the "Practical Treatment for the Indication of the Pro Forma Taxation Portion of Enterprise Tax on Income Statements" (Report on No. 12 practical treatment dated February 13, 2004 of the corporate accounting standards committee). As a result, selling, general and administrative expenses increased 34,661,000 yen, and	From January 1, 2006 to June 30, 2006	The Law for the Partial Amendment of the Local Tax Law (No. 9 law of 2003) was promulgated on March 31, 2003, and the proforms standard taxation system is introduced in accounting terms that begin on and after April 1, 2004. Therefore, enterprise tax, which is pegged to the value-added input of the business and the size of capital, is included in selling, general and administrative expenses in accordance with the "Practical Treatment for the Indication of the Pro Forma Taxation Portion of Enterprise Tax on Income Statements" (Report on No. 12 practical treatment dated February 13, 2004 of the corporate accounting standards committee). As a result, selling, general and administrative expenses increased 103,948,000 yen, and operating profit, ordinary profit and net profit
operating profit, ordinary profit and net profit for current period before adjustment of tax, etc. decreased 34,661,000 yen.		for current period before adjustment of tax, etc. decreased 103,948,000 yen.

Explanatory notes

(Matters related to the consolidated balance sheet)

			<u> </u>	
As of June 30, 2005	As of June 30,		FY200	15
End of the consolidated accounting period			(As of December 31, 2005)	
of the previous fiscal year	of this fiscal		`	
*1 Total depreciation of tangible fixed assets	*I Total depreciation of tangi		*1 Total depreciation of tan	
483,113,000 yen		826,360,000 yen		722,943,000 yen
	Accumulated losses on impai	78,347,000 yen		
	1 922672	10,547,000 Jen		
*2 Assets offered as collateral	*2 Assets offered as collatera	1	*2 Assets offered as collate	rai
Assets offered as collateral	Assets offered as collateral		Assets offered as collateral	
Shares of subsidiaries 309,355,000 yen		26,498,421,000 yen	Fixed deposit	850,000,000 yen 10,620,258,000 yen
Details of liabilities Short-term loans 2,178,000,000 yen	Operational loans Investment in securities	7,103,437,000 yen 124,824,000 yen	Operational loans Investment in securities	251,739,000 yen
Short-term tourts 2,178,000,000 year	Details of liabilities	124,024,000 }	Details of liabilities	201,100,000 12
		3,875,000,000 yen	Short-term loans	4,330,000,000 yen
	Current portion of long-te		Current portion of long-ter	
		4,433,700,000 yen		1,393,200,000 yen
	Long-term debt	6,249,500,000 yen	Long-term debt	4,500,900,000 yen
	(2) Assets offered as collate transactions	eral for derivatives	(2) Assets offered as colli transactions	ateral for derivatives
	Fixed deposit	40,000,000 yen	Fixed deposit	40,000,000 усл
	*3 Reserves under special law	/3	-3 -	
	A reserve for securities to	rading liabilities is		
	posted pursuant to Article	51 of the Securities		
	and Exchange Law.			
	*4 Liquidation of receivables		*4 Liquidation of receivable	es
	The amount of off-balance	operational loans	The amount of off-balan	ce operational loans
	accompanying the liquidate		accompanying the liquid	
	at the end of the consolida		at the end of the consolid	
	term in review was 52,954	million yen.	term in review was 53,3	oo minon yen.
	*5 Status of bad debt		*5 Status of bad debt	
	The status of bad debt ame		The status of bad debt at	
	loans and receivables unde rehabilitation is as follows		loans and receivables un rehabilitation is as follow	
		Unsecured loans	Tensonitation is as follow	Unsecured loans
] [(Million yen)	<u> </u>	(Million yen)
	Loans to clients who	1,355	Loans to clients who	5,131
	are bankrupt		are bankrupt	
	Nonperforming loans Loans in default for	2,874	Nonperforming loans Loans in default for	732
	three months or more	142	three months or more	122
	Loans for which		Loans for which	
	lending terms have	3,415	lending terms have	2,538
	been eased		been cased	
	Total	7,788	Total	8,524
	The loan categories above are	defined as follows:	The loan categories above a	re defined as follows:
	(Loans to clients who are bank	krupt)	(Loans to clients who are ba	
	Loans to clients who are bank	rupt denotes loans	Loans to clients who are bat	krupt denotes loans
	for which payment of the inter		for which payment of the in	
	has continued to be in arrears period, and for which a reason		continued to be in arrears for period, and for which a reas	
	Article 96 Paragraph 1, Section		Article 96 Paragraph 1, Sec	tion 3 A to E of the
	enforcement ordinance of the corporate tax law enforcement ordinance of the			e corporate tax law
	(government decree No. 97 in	1965) or a reason	(government decree No. 97	
	prescribed in Section 4 of the	same paragraph	prescribed in Section 4 of th	
	occurred. Further, with respec- under bankruptcy and rehabili	t to receivables	occurred. Further, with resp under bankruptcy and rehab	ect to receivables
1	allowance for bad debt, which		allowance for bad debt, whi	
	the estimated uncollectible an	rount based on the	the estimated uncollectible a	amount based on the
	individual evaluation of receive	vables, is posted.	individual evaluation of rec	eivables, is posted.

As of June 30, 2005	As of June 30, 2006	FY2005
	End of the consolidated accounting period	(As of December 31, 2005)
of the previous fiscal year	of this fiscal year	
,	(Nonperforming loans)	(Nonperforming loans)
	Among loans for which payment of the principal	Among loans for which payment of the principal
	or interest has continued to be in arrears for a	or interest has continued to be in arrears for a
	reasonable period, nonperforming loans denotes	reasonable period, nonperforming loans denotes loans which have not been classified as loans to
1 `	loans which have not been classified as loans to	clients who are bankrupt. However, among
	clients who are bankrupt. However, among receivables for which an agreement that is	receivables for which an agreement that is
	advantageous for debtors has been concluded	advantageous for debtors has been concluded
	through an interest reduction or exemption or	through an interest reduction or exemption or
1	long-term divided payment with the purpose of	long-term divided payment with the purpose of
,	management reconstruction of or support for	management reconstruction of or support for
	debtors, loans for which payment is made	debtors, loans for which payment is made
	regularly are excluded.	regularly are excluded.
	(Loans in default for three months or more)	(Loans in default for three months or more)
	Loans in default for three months or more	Loans in default for three months or more
	denotes operational loans for which payment of	denotes operational loans for which payment of
	the principal or interest has been in arrears for	the principal or interest has been in arrears for
,	more than three months from the day following	more than three months from the day following the contracted date of payment, and which are
	the contracted date of payment, and which are not classified as loans to clients who are	not classified as loans to clients who are
i	bankrupt or nonperforming loans.	bankrupt or nonperforming loans.
	(Loans for which lending terms have been	(Loans for which lending terms have been
•	cased)	cased)
	Loans for which lending terms have been eased	Loans for which lending terms have been eased
	denotes operational loans which are paid	denotes operational loans which are paid
	regularly for receivables for which an agreement	regularly for receivables for which an agreement
	that is advantageous for debtors has been	that is advantageous for debtors has been
	concluded through interest reduction or	concluded through interest reduction or
	exemption or long-term divided payment with	exemption or long-term divided payment with
	the purpose of management reconstruction of or	the purpose of management reconstruction of or
	support for debtors, and which are not classified	support for debtors, and which are not classified as loans to clients who are bankrupt,
	as loans to clients who are bankrupt,	nonperforming loans or loans in default for three
	nonperforming loans or loans in default for three months or more.	months or more.
	months of more.	THOURS ALMOTE

(Matters related to the consolidated profit and loss statement)

(Marios foliates to the ballotte	Constituted and the state of		
Consolidated accounting period	Consolidated accounting period	FY2005	
in the previous term	in this term	(From January 1, 20, 2005 to December 31, 2005)	
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006		
*1 Major expense items and amounts of		*1 Major expense items and amounts of business expenses	
business expenses	expenses Salary 804,486,000 yen	Salary 1,451,436,000 yen	
Salary 715,865,000 yen Transfer from allowance	Transfer from allowance	Transfer from allowance	
for bonus 25,383,000 yen	for bonus 22,976,000 yen	for bonus 22,392,000 yen	
Rental expense 267,621,000 yen	Rental expense 231,896,000 yen	Rental expense 498,104,000 yen	
Communications cost 156,733,000 yen	Communications cost 162,272,000 yen	Communications cost 322,171,000 yen	
Commission paid 501,008,000 yen	Commission paid 676,329,000 yen	Commission paid 1,125,248,000 yen	
Land rent/Rent 255,357,000 yen	Land rent/Rent 302,002,000 yen	Land rent/Rent 532,391,000 yen	
Outsourcing cost 941,081,000 yen	Outsourcing cost 937,782,000 yen	Outsourcing cost 1,667,355,000 yen	
Media cost 2,062,520,000 yen	Media cost 2,008,055,000 yen	Media cost 4,223,344,000 yen	
Depreciation cost 116,435,000 yen	Depreciation cost 143,499,000 yen	Depreciation cost 252,344,000 yen	
*2 Major expense items and amounts of selling	*2 Major expense items and amounts of selling and administrative expenses	*2 Major expense items and amounts of selling and administrative expenses	
and administrative expenses Advertising cost 888,393,000 yen	Advertising cost 1,149,807,000 yen	Advertising cost 2,261,271,000 yen	
Salary 2,011,465,000 yen	Salary 2,330,562,000 yen	Salary 4,230,024,000 yen	
Transfer from allowance 61,788,000 yen	Transfer from allowance 196,666,000 yen	Transfer from allowance	
for bonus	for bonus	for bonus 123,598,000 yen	
Transfer from allowance 49,919,000 year	Transfer from allowance 607,135,000 yen	Transfer from allowance	
for bad debt	for bad debt	for bad debt 3,129,923,000 yen	
Commission paid 573,447,000 year	Commission paid 437,536,000 yen	Commission paid 1,174,012,000 yen	
Amortization of 292,001,000 year	Amortization of 666,427,000 year	Amortization of	
consolidated adjustment	consolidated adjustment	consolidated adjustment 957,428,000 yen	
I .	account in the term	account in the term	
account in the term Depreciation cost 158,488,000 yen	Depreciation cost 524,328,000 yen	Depreciation cost 650,405,000 yen	
Depreciation cost 136,488,000 year	Retirement benefit 7,134,000 yen	Deptation cost 050,403,000 year	
•	expenses		
· ·	Provision for allowance 56,920,000 yen	-	
	for loss on interest	<u> </u>	
1	reimbursement	i	
•3 —		*3 Test and research expenses included in	
	general administrative expenses totaled	general administrative expenses totaled	
	65,806,000 yen. -4	122,274,000 yen.	
*4 Initial public offering expenses are attributable to the listing of GMO Payment	<u> </u>	-	
Gateway, Inc. on the Mothers Market of the			
Tokyo Stock Exchange in April 2005.			
*5 —	*5 Gains from the prior-term adjustment were	*5 Gains from the prior-term adjustment were	
1	accrued due to an adjustment in expenses	accrued due to an adjustment in expenses	
	during the previous consolidated accounting	during the previous consolidated accounting	
	term.	term. *6 A gain of 14,287,000 yen on the sale of fixed	
6 A gain of 11,319,000 yen on the sale of fixed assets was accrued mainly from the	*6 	assets was accrued mainly through 8,205,000	
sale of land		yen from the sale of land, 2,568,000 yen from	
sare of mind		the sale of tools, equipment and fixtures,	
Ì		1,834,000 yen from the sale of software, and	
	1	1,679,000 yen from the sale of others.	
*7 Gains on changes in equity are derived from	. Land the time good in the party and the pa	*7 The gain from the change of equity investees	
the change in equity stake due to capital	the change in equity stake due to capital	was recognized as a result of the adjustment of the accounting book value of investment	
transactions of a company in which we	iransactions of a company in which we invest. A major component is as follows.	along with the change in equity through	
invest. A major component is as follows. Payment-One, Inc. 52,193,000yen	GMO internet securities, Inc.	capital transactions of investees. A broad	
GMO Payment Gateway, Inc.	300,329,000 yen	breakdown is as follows:	
657,802,000 yen		GMO Payment Gateway, Inc.	
11 11 12 12 12 12 12 12 12 12 12 12 12 1		657,802,000 yen	
		GMO HOSTING & SECURITY, INC.	
		654,956,000 yen	
40	to tame from pring to -direct contents to	Payment-One, Inc. 52,193,000yen	
*8 -		*8 Losses from prior-term adjustments were	
-8 —	incurred mainly by the adjustment of	*8 Losses from prior-term adjustments were incurred mainly by the adjustment of	
-8 —		*8 Losses from prior-term adjustments were	
*8 — *9 A loss on the sale of fixed assets was	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	*8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed	
	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	*8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for 	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale 	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 16,966,000 yen from the sale of software,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 3,895,000 yen from the sale of 	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 3,895,000 yen from the sale of buildings and structures, 16,966,000 yen from 	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 16,966,000 yen from the sale of software,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term.	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 3,895,000 yen from the sale of buildings and structures, 16,966,000 yen from the sale of software, and 10,543,000 yen 	
*9 A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 16,966,000 yen from the sale of software,	incurred mainly by the adjustment of expenses during the previous consolidated accounting term. 9	*8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 3,895,000 yen from the sale of buildings and structures, 16,966,000 yen from the sale of software, and 10,543,000 yen from the sale of others. *10 The loss of 489,504,000 yen on the retirement	
A loss on the sale of fixed assets was incurred through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 16,966,000 yen from the sale of software, and 13,550,000 yen from the sale of others.	incurred mainly by the adjustment of expenses during the previous consolidated accounting term. 9	 *8 Losses from prior-term adjustments were incurred mainly by the adjustment of expenses during the previous consolidated accounting term. *9 A loss of 95,673,000 yen on the sale of fixed assets was incurred mainly through 42,629,000 yen from the sale of use rights for video pictures, 21,638,000 yen from the sale of land, 3,895,000 yen from the sale of buildings and structures, 16,966,000 yen from the sale of software, and 10,543,000 yen from the sale of software, and 10,543,000 yen 	

use images, 78,152,000 yen for software, for buildings and structures, 1,252,000 yen 155,619,000 yen from the use rights of video pictures, 90,351,000 yen from buildings and 20,363,000 yen for buildings and structures, for tools and fixtures, 30,396 for rights to use structures, 33,770,000 yen from tools, 19,170,000 yen for tools and fixtures, and facilities, and 1,290,000 yen for others. equipment and fixtures, 208,662,000 yen from software, and 1,101,000 yen from 23,455,000 yen for others. 11 The amortization of goodwill was carried out at one time, considering its nature as assets. *12 Losses on impairment of fixed assets were 12 12 recorded as a result of evaluating idle assets. Losses on impairment of fixed assets were recorded for idle assets. Турс Location Shibya-ku, Rights to use Tokyo facilities Rights to apply for Shibya-ku, patents Tokyo Shibya-ku, Telephone subscription rights Tokyo Land Nagano The assets are classified into groups mainly based on the type of business. With respect to idio assets, the book value is reduced to the recoverable value, and the amount of the reduction is recorded as impairment losses under extraordinary losses. The breakdown of the losses is as follows: 25 million yen for right to use facilities, 15 million yen for rights to apply for patents, 27 million yen for telephone subscription rights, and 9 billion yen for land. The recoverable value is measured using the net sales value and evaluated based on the assessed value of fixed assets. 13 Gains on changes in equity are derived from *13 The loss on the change of equity investees 13 Gains on changes in equity are derived from a change in equity stake due to capital a change in equity stake due to capital was recognized as a result of the adjustment of the accounting book value of investment accompanying the change in equity through transactions with companies in which we transactions with companies in which we invest. Major components are as follows. invest. Major components are as follows. capital transactions of investees. A major Magelick Inc. 130,907,000 yen 1,111,000 yes JWord Inc. GMO Payment Gateway, Inc. breakdown is as follows: GMO Payment Gateway, Inc. 7,066,000 yen 98,056,000 yen 130,907,000 yen JWord Inc. JWord Inc.
GMO Payment Gateway, Inc.
100,153,000 yen GMO HOSTING & SECURITY, INC. 5,237,000 yen 14 Exit penalties 14 14 Exit penalties These are mostly exit penalties that have These are mostly exit penalties that have temporarily arisen from the termination of temporarily arisen from the termination of lease contracts. lease contracts. 15 The loss on the disposal of underforming 15 The loss on the disposal of underforming businesses was mainly associated with businesses was mainly associated with downsizing of the communication-related downsizing of the communication-related service business at consolidated subsidiaries. service business at consolidated subsidiaries. 16 Payments for damages were associated with 16 Payments for damages were associated with damages to business partners that arose damages to business partners that arose during maintenance on servers at consolidated subsidiaries. during maintenance on servers at consolidated subsidiaries.

(Consolidated Interim Statement of Changes in Net Assets)

Current consolidated accounting term (from January 1, 2006 to June 30, 2006)

1. Matters related to shares issued

Type of stock	At the end of the previous accounting period	Increase	Decrease	At the end of this interim
Common share (shares)	62,031,378	1	-	62,031,378

2. Matters related to treasury stocks

Type of stock	At the end of the previous accounting period	Increase	Decrease	At the end of this interim accounting period	
Common share (shares)	90,746	38	64,000	26,784	

(Main reasons for the change)

Increase in number: Due to the request for purchase of fractional shares.

Decrease in number: Due to the use of treasury stocks as a result of the exercise of stock options.

3. Matters related to dividends

(1) Payment of dividends

Resolution	Type of stock	Total amount of dividends	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders on March 29, 2006	Common share	185,821,000 yen	3 yen	December 31, 2005	March 30, 2006

(2) Of dividends the record date of which belongs to the consolidated interim accounting period under review, those dividends the effective date of which comes after the end of this consolidated interim accounting period

Total amount of Record Effective date Resolution Dividend per share Resolution Type of stock dividends date Ordinary general meeting of shareholders on August 14, 2006 Earned surplus 186,013,000 yen 3 yen June 30, 2006 September 28, 2006 Common share

(Matters related to the consolidated cash flow statement)

Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005) Balance of cash and cash equivalents at the end of term and relationship with amounts of accounting items included in the consolidated balance sheet		
Balance of cash and cash equivalents at the end of term and relationship with amounts of accounting items included in the consolidated balance sheet	Balance of cash and cash equivalents at the end of term and relationship with amounts of accounting items included in the consolidated balance sheet			
Cash and deposit account 11,467,451,000 yen Time deposits whose deposit period exceeds -140,000,000 yen three months	Cash and deposit account 24,071,370,000 yen Time deposits whose deposit period exceeds - 140,000,000 yen three months	Cash and deposit account 24,192,882,000 yer Time deposits whose deposit period exceeds – 990,000,000 yer three months		
Cash and cash equivalents 11,327,451,000 yen	Cash and cash equivalents 23,931,370,000 yen	Cash and cash equivalents 23,202,882,000 yen		

		<u>·</u>									
Cons	solidated ac		riod	Con	solidated ad		eriod	۰,		2005	005
_ ,	in the prev		20 2005	r /-		is term	- 20 2006	l (r	rom Janua to Decemb	ry 1, 20, 21 er 31, 200	003 5)
	anuary 1, 20				anuary 1, 20			I. Finance lease transactions other than those			
	ship of which			Finance lease transactions other than those the ownership of which is recognized as being				the ownership of which is recognized as being			
	i to a borrowe		-3 04mg		to a borrowe				l to a borrow		•
(1) Amount equivalent to the purchase price of			price of	(1) Amour	nt equivalent t	o the purcha	se price of		ıt equivalent		
	s, amount equ				s, amount equ				s, amount eq		
	on, and the am		nt to		on, and the an		lent to		on, and the a the end of te		ient to
balance at	the end of ten	n		Datance at	the end of ter	nı		gatance at	me end of re	m	
									Amount	Amount	Amount
	Amount	Amount equivalent c	Amount		Amount equivalent	Amount	Amount			equivalent	
		o total sum to					to balance at		to		to balance a
	acquisition		he end of		acquisition	of	the end of		acquisition	of	the end of
		lepreciation	term	,	price (depreciation	term		price	depreciation	term
Building	_	_	_	Building	12,229	3,057	9,172	Building			
equipment		_	_	equipment	12,2.23	3,037	7,172	equipment			
Tools,				Tools,				Toots,			
equipment	1,622,429	779,664	842,765	equipment	1,910,231	945,214	965,017	equipment	1,862,289	1,104,329	847,959
and	.,022,.25	*********	•	and fixtures			•	and fixtures			-
fixtures				itximes				interca			
Software	249,605	94,224	155,381	Software	754,957	246,825	508,132	Software	521,091	206,099	314,997
Total	1,872,035	873,888	998,146	Total	2,677,419	1,195,097	1,482,322	Total	2,383,380	1,220,428	1,162,95
(2) Amour	nt equivalent t	balance of u	nearned	(2) Amour	t equivalent t	o balance of	uncarned	(2) Amour	t equivalent	to balance of	funearned
	at the end of t			lease fees	at the end of t	erm		lease fees	at the end of	term	
	than one year	358,439,0			than one year				m one year	492,659,00	
	one year	656,781,			one year	981,891,		Over on		696,058,00	
Tota		1,015,221,		Total	l fees paid, amo	1,511,617,		Total	ees paid, am	1,188,717,00	
(3) Lease :	fees paid, amo on cost, and a	unt equivalen	t to		rees paid, and a on cost, and a				on cost, and a		
interest pa		nomit equivas	citt to	interest pa		mount oque	210.1.1	interest pa			
Lease fee:		222,70	3,000 yen	Lease fees	s paid	260,	241,000 yen	Lease fee		588,8	34,000 yen
	quivalent to	2126	19,000 yen		quivalent to	250.	144,000 yen		quivalent to	547.8	85,000 yen
depreciati		212,01	121000 3011	depreciati		,	,	depreciati	on cost quivalent to		
Amount e	quivalent to aid	9,55	59,000 yen	interest pa	quivalent to sid	15,	244,000 yen	interest pa		38,8	58,000 yen
(4) Method	d of calculating	e the amount	conivalent	(4) Method	d of calculating	z the amou	nt equivalent	(4) Meth	od of ca	lculating th	e amount
	ation cost and				tion cost and			equivalent	to depreciat	ion cost and	the amount
interest			•	interest			equivalent to interest				
	of calculating	the amount eq	uivalent to		of calculating	the amount	equivalent to	Method of calculating the amount equivalent to depreciation cost			
depreciat				depreciat		ıs at left		to deprec		s at left	
leare p	the fixed as eriod set as t	nount memot ne effective li	ye and the		Same	72 ST IEIF			Outro e	ig at ion	
	ing value set a		70 EUO 011								
Method	of calculating	the emoint eo	mivalent to	Maria.	Caalan Jashir -	the en		Mathad	of calculating	. the omore	t pouissiens
interest	or cercurating	are amount er	1-14-1-111 10	Method of interest	of calculating	me amount	equivaient 10	to interes		P ore announ	, edassatetti
While t	he disparity b	etween the to	tal sum of		Same as	s at left				ıs at left	
lease fe	es and the a	mount equiva	lent to the								
	tion price of l										
interest	equivalent to method fo										
	ive terms.			١	!			3 ~	ng lease tran	eaction	
Z. Operati	ng lease trans: equivalent to l	scuon ralance of woo	amed		ng lease trans equivalent to		neamed		ng sease uan equivalent to		neamed
lease fee	equivalent to i	term			s at the end of				s at the end o	f term	
	one year		6,000 yen		one year	12,7	89,000 yen		one year	2,49	22,000 yen
Over one		23.30	5,000 yen	Over one	year		87,000 yen	Over one	vear		31,000 yen
Total		32,32	1,000 yen	Total		37,0	77,000 yen	Total		8,7	23,000 yen

(Matters related to securities)

Previous consolidated accounting term (ended June 30, 2005)

1. Other securities with market value

Туре	Cost of acquisition (thousand yen)	Amount posted in the consolidated balance sheet (thousand yen)	Variance (thousand yen)	
(1) Shares	877,767	913,912	36,145	
Total	877,767	913,912	36,145	

2. The amount of major securities recorded on the consolidated interim balance sheet that are not marked to market

Contents	Amount posted in the consolidated balance sheet (thousand yen)
Other securities	
Unlisted shares	3,930,343
Untisted bonds	50,000
Others	208,788
Total	4,189,131

Consolidated accounting term under review (ended June 30, 2006)

1. Other securities with market value

Туре	Cost of acquisition (thousand yen)	Amount posted in the consolidated balance sheet (thousand yen)	Variance (thousand yen)	
(1) Shares	510,665	2,266,923	1,756,257	
Total	510,665	2,266,923	1,756,257	

2. The amount of major securities recorded on the consolidated interim balance sheet that are not marked to market

Amount posted in the consolidated balance shee (thousand yen)			
5,325,919			
897,297			
6,223,217			

(Note) For the consolidated interim accounting period under review, securities of 547,702,000 yen (stocks with market value of 513,172,000 yen and stocks without market value of 34,530,000 yen among other securities) are written down.

FY2005 (ended December 31, 2005)

1. Other securities with market value

Туре	Cost of acquisition (thousand yen)	Amount posted in the consolidated balance sheet (thousand yen)	Variance (thousand yen)	
(1) Shares	1,035,452	838,547	- 196,905	
Total	1,035,452	838,547	- 196,905	

2. The amount of major securities recorded on the consolidated interim balance sheet that are not marked to market

Contents	Amount posted in the consolidated balance sheet (thousand yen)
Other securities	
Unlisted shares	3,956,299
Unlisted bonds	624,292
Others	270,031
Total	4,850,624

(Matters related to derivatives transactions)

Previous consolidated accounting term (ended June 30, 2005)

As hedge accounting is applied to derivative transactions in which the Group engages, they are precluded from the listing on the report.

Consolidated accounting term under review (ended June 30, 2006)

As hedge accounting is applied to derivative transactions in which the Group engages, they are precluded from the listing on the report.

FY2005 (ended December 31, 2005)

As hedge accounting is applied to derivative transactions in which the Group engages, they are precluded from the listing on the report.

(Stock options, etc)

Consolidated accounting term under review (from January 1, 2006 to June 30, 2006)

n/a

(Segment information)

Segment information by business type

Previous consolidated accounting term (from January 1, 2005 to June 30, 2005)

Section	Internet Use Support Business (thousand yen)	Internet Advertising Support Business (thousand yen)	Total (thousand yen)	Elimination or Company-wide (thousand yen)	Consolidated (thousand yen)
1 Sales and operating revenue					
Sales					
(1) Sales to external customers	8,353,402	5,950,629	14,304,032	_	14,304,032
(2) Dealings between segments	64,582	62,477	127,059	(127,059)	_
Total	8,417,984	6,013,107	14,431,091	(127,059)	14,304,032
Operating expenses	6,994,905	6,343,194	13,338,099	(156,268)	13,181,830
Operating profit or loss (-)	1,423,079	-330,087	1,092,992	29,209	1,122,201

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)
 - Access operations, Domain acquisition business, Web Hosting operations, Website construction and support business, Security operations, Credit card payment processing operations, Enterprise communications business
 - (2) Internet Advertising Support Business (Media Business)
 - Internet media construction business, Internet advertising sales business, Iword business,
 Online gaming business

Please note that from this consolidated accounting period, the names of our business units have changed from the IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business) and from the Internet Ad Media Business to the Internet Adverstising Support Business (Media Business).

Consolidated accounting term under review (from January 1, 2006 to June 30, 2006)

Section	Internet Use Support Business (Internet Infrastructure Business) (thousand yen)	Internet Advertising Support Business (Media Business) (thousand yen)	Internet Finance Business (thousand yen)		Elimination or Company-wide (thousand yen)	(thousand ven)
I Sales and operating revenue			: !			
Sales				•		,
(1) Sales to external customers	7,963,200	5,939,510	9,140,250	23,042,961	_	23,042,961
(2) Dealings between segments	62,692	79,342	_	142,035	(142,035)	_
Total	8,025,892	6,018,853	9,140,250	23,184,997	(142,035)	23,042,961
Operating expenses	6,753,962	5,756,529	8,724,198	21,234,690	(200,881)	21,033,809
Operating profit	1,271,930	262,324	416,051	1,950,306	58,845	2,009,152

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)
 - Access operations, Domain acquisition business, Web Hosting operations, Website construction and support business, Security operations, Credit card payment processing

operations, Enterprise communications business

- (2) Internet Advertising Support Business (Media Business)
 . . . Internet media construction business, Internet advertising sales business, JWord business, Online gaming business (3) Internet Finance Business
- - · · · Consumer credit business, Internet securities business, venture capital business

FY2005 (from January 1, 2005 to December 31, 2005)

Section	Internet Use Support Business (Internet Infrastructure Business) (thousand yen)	Internet Advertising Support Business (Media Business) (thousand yen)	Internet Finance Business (thousand yen)	Total (thousand yen)	Elimination or Company-wide (thousand yen)	Consolidated (thousand yen)
I Sales and operating revenue						
Sales						
(1) Sales to external customers	15,953,131	11,877,506	9,389,170	37,219,808	_	37,219,808
(2) Dealings between segments	102,007	128,483	_	230,491	(230,491)	_
Total	16,055,139	12,005,989	9,389,170	37,450,300	(230,491)	37,219,808
Operating expenses	13,502,950	12,235,063	7,408,755	33,146,769	(279,442)	32,867,327
Operating profit or loss	2,552,189	- 229,073	1,980,414	4,303,530	48,950	4,352,481

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)......Access service, rental server service, domain registration service, and service for the support of IT introduction, etc.
 - (2) Internet Advertising Support Business (Media Business)e-mail advertisement distribution service, and desktop advertising service, etc.
 - (3) Internet Finance Business......Personal finance operations
 - 3. Please note that from this consolidated accounting period, the names of our business units have changed from the IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business) and from the Internet Ad Media Business to the Internet Adverstising Support Business (Media Business).
 - 4. Changes in accounting treatment As mentioned in "Changes in Accounting Treatment," agency commissions and sales promotion expenses which were previously posted as sales and general administrative expenses are deducted from sales from the consolidated accounting term under review. With this change, sales and operating expenses in the Internet Advertising Support Business (Media Business) decreased by 884,328,000 yen and this was posted. However, this change did not have

any impact on segment information other the Internet Advertising Support Business (Media Business).

Segment information by location

The ratios of Japan to total sales of entire segments and to total assets of all segments in the previous consolidated accounting term (from January 1, 2005 to June 30, 2005), the consolidated accounting term under review (from January 1, 2006 to June 30, 2006) and FY2005 exceed 90%. As a result, we do not provide segment information by location.

Sales in overseas

The ratio of sales in overseas to consolidated sales in the previous consolidated accounting term (from January 1, 2005 to June 30, 2005), the consolidated accounting term under review (from January 1, 2006 to June 30, 2006) and FY2005 is less than 10%. As a result, overseas sales are not stated.

(Per share information)

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY 2005 (From January 1, 20, 2005 to December 31, 2005)
Net assets per share	222 yen 08 sen	278 yen 63 sen	262 yen 51 sen
Net profit per share	10 yen 88 sen	3 yen 12 sen	52 yen 68 sen
Net profit per share after	10 yen 80 sen	3 yen 02 sen	52 yen 39 sen
adjustment of latent shares	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and GMO Hosting and Technologies, Inc.	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and GMO NETCARD, Inc. (former Orient Credit Co., Ltd.) (Additional information) Along with the revision of the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) on January 31, 2006, the amount of net deferred hedge gains (adjusted for tax effect) is included in net assets at the end of the interim accounting term regarding common stock from the consolidated interim accounting period under review. Net assets per share for the interim accounting term under review, calculated based on the method used for the previous interim accounting term, are 278.51 yen. Because of the treatment described above, net assets per share for the interim accounting term accounting term work of the interim accounting term accounting term is applied.	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and Orient Credit Co., Ltd.

(Note) Calculation basis

I. Net assets per share

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Total net assets in the balance sheet	-	24,076,581,000 yen	
Net assets regarding common stock	-	17,276,921,000 yen	
Major components of the difference between total net assets in the balance sheet and the amount of net assets at the end of interim accounting term regarding common stock used for the calculation of net assets per share Stock subscription rights Minority interest	_	34,398 6,765,262	· -
Number of common shares issued	_	62,031,378 shares	
The Company's common shares		26,784 shares	
The number of common shares used for the calculation of net assets per share	_	62,004,594 shares	

2. Net profit per share and net profit per share after adjustment of latent shares

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Net profit per share			
Net profit	666,603,000 усп	193,030,000 yen	3,258,953,000 yen
Amount not belonging to common shareholders	_		22,647,000 yen
(Of which, bonuses to directors by appropriation of earnings)	(—)	(-)	(22,647,000 yen)
Net profit associated with common shares	666,603,000 yen	193,030,000 yen	3,236,305,000 yen
Average number of shares issued during the term	61,686,297 shares	62,031,378 shares	61,720,805 shares
Average number of treasury shares during term	- 417,230 shares	- 26,784 shares	- 291,789 shares
Average number of shares during the term	61,269,067 shares	61,961,381 shares	61,429,016 shares
Major component of the adjusted net profit used for the calculation of fully diluted net profit per share Decline in net profit due to the effect of potential shares issued by subsidiaries		5,316,000 yen	
Adjustment of net profit		5,316,000 yen	
Increase in common shares	467,414 shares	136,611 shares	335,948 shares
(Of which, equity warrants)	(450,263 shares)	(136,611 shares)	(315,457 shares)
(Of which, stock options by the payback method)	(17,151 shares)	(-)	(20,491 shares)
Summary of latent shares not included in the calculation of net profit per share after adjustment of latent shares as they do not have a dilution effect	-	Stock subscription rights based on Article 280-21 of the former amended Commercial Code in 2001 Second stock subscription right (Resolved at the ordinary general meeting of shareholders on March 29, 2005) Common stock 10,000 shares—	

(Material subsequent events)

Constituted assessmither resided	Consolidated accounting period	FY2005
Consolidated accounting period in the previous term	in this term	(From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
1. Conclusion of a stock swap agreement with	I. Acquisition of shares in Miki Shoji	Redemption of 1st to 3rd unsecured convertible bond-type corporate bonds with equity
Solis Corporation At the Board of Directors' meeting held on	Corporation. GMO NETCARD, Inc., a consolidated	warrants before maturity by GMO Internet
August 1, 2005, the Company and Solis	subsidiary of the Company, has decided to	Inc.
Corporation received on September 21, 2005	acquire all shares in Miki Shoji Corporation to	Following the resolution of the Board of
approval for the conclusion of a stock swap agreement under which Solis Corporation	pursue economies of scale in the consumer credit business and expand its earnings.	Directors meeting held on February 14, 2006, the Company redeemed the 1st to 3rd
would become a wholly-owned subsidiary of	creat business and expend its carmings.	unsecured convertible bond-type corporate
the Company for the purpose of expanding its	(1) Name: Miki Shoji Corporation.	bonds with equity warrants (with a special
businesses. (1) Overview of the stock swap agreement	(2) Business: Consumer credit business (3) Acquisition date: August 1, 2006	agreement that convertible bond-type corporate bonds with equity warrants are in
1)Contents of the stock swap agreement	(4) Overview of Miki Shoji Corporation	the same rank in a limited way) before
The stock swap is conducted based on	1) Sales and operating profit	maturity. The details are as follows:
Article 352 of the Commercial Code, and	(Year ended July 2005)	(1) Issues Redoemed Before Maturity The 1 st to 3 rd unsecured convertible bond-
the Company will exchange stocks based on the "simple stock swap" procedures	Sales: 2,342,723,000 yen Operating profit: 42,446,000 yen	type corporate bonds with equity warrants
stipulated in Article 358, Paragraph 1 of		(with a special agreement that convertible
the Commercial Code.	2) Assets, liabilities, shareholders' equity	bond-type corporate bonds with equity
2) Date of stock swap September 21, 2005	(Year ended July 2005) Assets: 9,886,708,000 yen	warrants are in the same rank in a limited way) of GMO Internet Inc.
3) Stock issued by the stock swap and its	Liabilities: 7,725,780,000 yen	(2) Amount Redeemed Before Maturity
allocation	Shareholders' equity: 2,160,929,000 yen	The entire amount of the total face value of
The Company will issue 429,390		the 1st to 3sd unsecured convertible bond-type corporate bonds with equity warrant (with the
common shares through a stock swap with Solis Corporation and deliver them		special agreement that convertible bond-type
to the shareholders named in the		corporate bonds with equity warrant are in
shareholders' register with a ratio of		the same rank in a limited way) of GMO Internet Inc. was 31 billion yen
0.524 shares to 1 common share of Solis Corporation.	·	(3) Method of Redemption Before Maturity
4) Amount of capital reserve to increase		100 yen per ¥100 par value
The increase in capital reserve with the		(4) Period of Redemption Before Maturity:
stock swap will be the amount of existing not assets of Solis Corporation.		March 17, 2006 (5) Method of Fund Raising for Redemption
(2) Overview of Solis Corporation		Before Maturity
1) Main lines of business		Bank borrowing
Domain registration business 2) Sales and operating profit		2. Bank Borrowing
(Year ended December 2004)		At the Board of Directors meeting held on
Sales: 158,965,000 yen		March 2, 2006, the Company resolved that it
Operating profit: - 144,000 yen		should borrow money from banks for the redemption of the 1st to 3st unsecuted
3) Assets, liabilities, shareholders' equity		convertible bond-type corporate bonds with
(Year ended December 2004)		equity warrants before maturity, and
Assets: 45,504,000 yen Liabilities: 33,410,000 yen		implemented such borrowing. The details are as follows:
Liabilities: 33,410,000 yen Shareholders' equity: 12,094,000 yen		(1) 1) Lender: Aozora Bank
		2) Amount of borrowing: 22 billion yen
		Repayment period: Six months form the date of implementation
		4) Date of borrowing: March 16, 2006
		5) Security: Shares in the Company's
	1	subsidiaries 6) Interest rate: 0.59273%
		(2) 1) Lender: Resona Bank, Limited.
		Mizuho Bank , Ltd.
		The Nisshin Fire & Marine Insurance Co., Ltd.
		The Hyakujushi Bank, Ltd.
		2) Amount of borrowing: 6 billion yen
		Repayment period: Five years form the date of implementation
		4) Date of borrowing: March 15, 2006
·	1	5) Security: Shares in the Company's
1		subsidiaries
		6) Interest rate: 1.13636%
		(3) 1) Lender: Sumitomo Mitsui Banking
		Corporation 2) Amount of borrowing: 2.8 billion yen
		3) Repayment period: Three years form the
		date of implementation
		4) Date of borrowing: March 16, 2006 5) Interest rate: 0.83%

	0 193-13	FY 2005
Consolidated accounting period in the previous term	Consolidated accounting period in this term	(From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
2. Conclusion of a share transfer agreement At the meeting of the Board of Directors held on August 15, 2005, the Company resolved to nequire shares issued by Orient Credit Co., Ltd. to expand its business areas. A share transfer agreement was concluded. Details are as	2. Sale of securities On August 29 and September 12, 2006, the Company sold shares held in Drecom Co., Ltd. The gain on the sale of investment securities was 1,206,525,000 yen.	
follows:		
(i) Name of companies from which we acquire shares		·
Unison Capital Patners, L.P UC Ocean Investers, L.P. UC Ocean Investers 2, L.P.		
(ii)Name of a company from which we acquire shares		
Orient Credit Co., Ltd.		
(iii) Date of share acquisition September 30, 2005		
(iv) Number of shares to acquire 71,867 shares		
(v) Acquisition costs and ownership ratio after the acquisition		
Acquisition cost: 25,041 million yen Ownership ratio after acquisition: 94.28%		
(vi) Financing for payment and payment method Financing through bond issuance		
3. Bond issuance At the meeting of the Board of Directors held on August 15, 2005, the Company resolved to issue bonds through a private placement to raise funds for the acquisition of shares. The details are as follows. (i) Type First unsecured straight bond	3. Acquisition of shares in Just Inc. and others (total 13 companies) GMO NETCARD, Inc., a consolidated subsidiary of the Company, decided to acquire all shares in Just Inc. and other companies (a total of 13 companies) to pursue economies of scale in the consumer credit business and increase earnings.	
(ii) Offer price 100 yen per face value of 100 yen (iii) Total issue amount 28 billion yen (iv) Interest rate 1% per year	(1) Name Just Inc.	
(v) Issue date August 31, 2005 (vi) Maturity 1 year	(2) Business Consumer credit business (3) Acquisition date August 31, 2006	
(vii) Use of proceeds Acquisition of shares (viii) Redemption 100 yen per face value of 100	(4) Overview of the company 1) Sales and operating profit	
yen The issuing company may make an	(Year ended May 2006) Sales: 875 million yen	
early redemption with accrued	Operating profit: 273 million yen	
interest in addition to the 100 yen per face value of 100 yen upon the giving	2) Assets, liabilities, shareholders' equity	
of one week's advance notice. The Company redeemed the entire amount on	(Year ended May 2006) Assets: 5,683 million yen	
September 7, 2005 with the issuance of the first	Liabilities: 3,088 million yen Shareholders' equity: 2,595 million yen	
through third unsecured convertible bonds with equity warrants.	(1) Name Like Card, Inc.	
	(2) Business Consumer credit business (3) Acquisition date August 31, 2006	
	(4) Overview of the company 1) Sales and operating profit	
	(Year ended May 2006)	
	Sales: 50 million yen Operating profit: - 42 million yen	·
·.	2) Assets, liabilities, shareholders' equity (Year ended May 2006)	
	Assets: 581 million yen Liabilities: 618 million yen Shareholders' equity:	
	- 37 million yen	

from January 1, 2005 to Janes 20, 2005 4. Issuance of the first unsecured convertible bonds with equily warrants. The details are as follower-like bonds with equily warrants. The details are as follower-like bonds with equily warrants. The details are as follower-like bonds with equily warrants. The details are as follower-like bonds with equily warrants. The details are as follower-like bonds with equily warrants. The details are as follower-like bonds with equily warrants and special agreement on limited equal priority among bonds (1) Offer price (2) Offer price (3) Martiry September 7, 2007 (5) Substitute 7, 2005 (5) Washington September 7, 2005 (6) Payment date and issue date Proceeds will be used for the redemption of the total amount of the first unsecured sarright bond and repayment of the total amount of the determent borrowings, as well as dimension of determent between the control of the total amount of the determent borrowings, as well as dimension of determent between the control of the control of the total amount of the determent borrowings, as well as dimension of determent borrowings, as well as dimension of device the process of the control of the control of the total amount of the determent borrowings, as well as 30 rights (3) Type of stock as the object of stock equilisition rights (iii) Offer price of stock as equilistion rights (iii) Offer price of stock as a decidence of the control of the co	Consolidated accounting period	Consolidated accounting period	FY2005
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ii) Amount of capitalization within the offer price 1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half			
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	the amount of capitalization shall be half		
I the amount of payment after adjustment.	the amount of payment after adjustment.		
When a decimal number of less than one		l	. '
ven arises from the calculation, it shall be			
rounded up to the nearest one yen.			

	g	FY2005
Consolidated accounting period	Consolidated accounting period in this term	(From January 1, 20, 2005
in the previous term	From January 1, 2006 to June 30, 2006	to December 31, 2005)
From January 1, 2005 to June 30, 2005	(1) Name Million, Ltd.	
(Note) Change in conversion price	(2) Business Consumer credit business	
(i) On or after April 1, 2006, the Conversion Price shall be changed to an amount equivalent to 92%	(3) Acquisition date August 31, 2006	
of the average daily closing price for ordinary	(4) Overview of the company	
transactions of the common shares of the	1) Sales and operating profit	
Company on the Tokyo Stock Exchange for five	(Year ended May 2006)	
consecutive business days from the business day	Sales: 957 million yen	
following the third Friday of every month	Operating profit: 218 million yen	;
(hereinafter referred to as the "Date of	,	
Determination") (A business day without a closing	2) Assets, liabilities, shareholders' equity	
price shall be excluded from the five consecutive	(Year ended May 2006)	
business days, If the Date of Determination does	Assets: 5,283 million yen	
not fall into a business day, the five consecutive	Liabilities: 3,552 million yen	
business days shall be five consecutive business	Shareholders' equity: 1,731 million yen	1
days up to the business day immediately preceding	(1) Name Alto, Ltd.	•
the Date of Determination. This shall hereinafter	(2) Business Consumer credit business	
be referred to as the "Period for Calculation of	(3) Acquisition date August 31, 2006	•
Market Price') to the Date of Determination	(4) Overview of the company	
(inclusive) (calculated to the first decumal place,	1) Sales and operating profit	
with the first decimal place rounded up.	(Year ended May 2006)	l .
Hereinafter referred to as "Price at the Date of	Sales: 698 million yen	i
Determination). In April 2006, however, two days,	Operating profit: 182 million yen	
namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price	2) Assets, liabilities, shareholders' equity	
shall be changed twice.	(Year ended May 2006)	
(ii) Irrespective of (i) of this Item, if the Company	Assets: 3,869 million yen	·
deems it necessary and notifies the bondholder of	Liabilities: 2,321 million yen	
the Bonds with equity warrants in advance before March 17, 2006 (inclusive) after the issue of the	Shareholders' equity: 1,548 million yen	
	(1) Name Japan, Ltd.	
Bonds with equity warrants (hereinafter referred to as "Prior Notification"), the Conversion Price	(2) Business Consumer credit business	
shall be changed using a method similar to the	(3) Acquisition date August 31, 2006	
method set out in (i) of this Item, until the end of	(4) Overview of the company	
March 2006. In this event, the Conversion Price	1) Sales and operating profit	
shall be changed by deeming the Friday of the	(Year ended May 2006)	
week that is two weeks' after the week including	Sales: 2,742 million yen	
the date of the Prior Notification as the Date of	Operating profit: 983 million yen	
Determination (if the Friday is a bank holiday, it		
shall be the immediately preceding bank business	2) Assets, liabilities, shareholders' equity	
day). On or after April 1, 2006, irrespective of the	(Year ended May 2006)	
Prior Notification, the Conversion Price shall be	Assets: 14,055 million yen	
changed as set out in (i) of this Item.	Liabilities: 7,538 million yen	
(iii) If there is cause for the adjustment of the	Shareholders' equity: 6,517 million yen	
Conversion Price as set out in the following Item	(1) Name JC, Ltd.	
during the Period for Calculation of Market Price,	(2) Business Consumer credit business	
the Conversion Price after the change shall be	(3) Acquisition date August 31, 2006	
adjusted to a figure which the Company deems	(4) Overview of the company	
appropriate in accordance with the prospectus of	1) Sales and operating profit	
the Bonds with equity warrants. If, however, as a	(Year ended May 2006)	
result of the adjustment, the Price at the Date of	Sales:	
Determination is lower than 1,278 yen (however,	Operating profit: -7 million yen	
on or after April 10, 2006 this shall be an amount		
equivalent to 60% of the closing price for ordinary	2) Assets, liabilities, shareholders' equity	
transactions of the common shares of the	(Year ended May 2006)	
Company on the Tokyo Stock Exchange on April	Assets: 42 million yen	
7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately	Liabilities: 44 million yen	
preceding day (calculated down to the first	Shareholders' equity: -2 million yen	
decimal place, with the first decimal place	i	
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject	1	
to adjustment as set out in the following Item.),		
the Conversion Price after the change shall		
become the Minimum Conversion Price. If the		
Price at the Date of Determination is higher than	i	
4,260 yen (however, on or after April 10, 2006		
this shall be an amount equivalent to 200% of the		
closing price for ordinary transactions involving	1	
the common shares of the Company on the Tokyo	1	1
Stock Exchange on April 7, 2006 (if there is no	1	
closing price on that date, this shall be the closing	,	
price on the immediately preceding day. This shall	1	
hereinafter be referred to as the "Maximum		
Conversion Price," but subject to adjustment as set	1	
out in Item (9) of this Paragraph.), the Conversion		
Price after the change shall become the Maximum		
Conversion Price.	<u> </u>	<u> </u>

Consolidated accounting period	Consolidated accounting period	FY2005
	in this term	(From January 1, 20, 2005
in the previous term		to December 31, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006 (1) Name Save, Ltd.	to December 31, 2005)
5. Issuance of the second unsecured convertible	(2) Business Consumer credit business	
bonds with equity warrants At the meeting of the Board of Directors held on	(3) Acquisition date August 31, 2006	
August 22, 2005, the Company resolved to issue	(4) Overview of the company	
the first through third unsecured convertible	1) Sales and operating profit	
bonds with equity warrants. The details are as	(Year ended May 2006)	
follows:	Sales: 534 million yen	
(1) Name of bond	Operating profit: 166 million yen	
GMO Internet, Inc. The second unsecured	Operating protein.	
convertible bonds with equity warrants	2) Assets, liabilities, shareholders' equity	
(Unsecured convertible bonds with equity	(Year ended May 2006)	
warrants and special agreement on limited	Assets: 2,681 million yen	
equal priority among bonds)	Liabilities: 1,429 million yen	
(2) Total issue amount 10 billion yen	Shareholders' equity: 1,252 million yen	
(3) Offer price	• •	
100 yen per face value of 100 yen	(1) Name N Corporation, Ltd. (2) Business Consumer credit business	
(4) Interest rate	(3) Acquisition date August 31, 2006	
None	(4) Overview of the company	
(5) Maturity	1) Sales and operating profit	
September 7, 2007	(Year ended May 2006)	
(6) Payment date and issue date	Sales:	
September 7, 2005	Operating profit: -	
(7) Security		
None	2) Assets, liabilities, shareholders' equity	•
(8) Use of proceeds	(Year ended May 2006)	
Proceeds will be used for the redemption of	Assets: 5 million yen	
the total amount of the first unsecured straight	Liabilities: 0 million yen	
bond and repayment of the total amount of	Shareholders' equity: 5 million yen	
short-term borrowings, as well as expansion of new businesses.	(1) Name TS Corporation, Ltd.	
(9) Matters related to stock acquisition rights	(2) Business Consumer credit business	
(i) Type of stock as the object of stock acquisition	(3) Acquisition date August 31, 2006	
rights	(4) Overview of the company	
Common stock of GMO Internet, Inc.	1) Sales and operating profit	
(ii) Total number of stock acquisition rights	(Year ended May 2006)	
20 rights	Sales: -	
(iii) Offer price of stock acquisition rights	Operating profit: -	
Free		
(iv) Exercise period of stock acquisition rights		
From September 8, 2005 to September 6, 2007	2) Assets, liabilities, shareholders' equity	
(v) Number of shares as the object of stock	(Year ended May 2006)	
nequisition rights	Assets: 5 million yen	
It shall be the maximum integral number	Liabilities: 0 million yen	
obtained by dividing the total amount of offer	Shareholders' equity: 5 million yen	
prices of this bond when the exercise of stock		
subscription rights is requested by the amount of payment at the time of exercise (hereinafter		
called the "conversion price" (Note 2)). In this		
case, fractions of shares less than one share		
shall be truncated and not adjusted by cash.]	
(vi) Amount of payment at the time of exercise		
3.000 ven per share		
(vii) Offer price of shares to be issued by the		
exercise of stock subscription rights and]	
amount of capitalization		
i) Offer price of shares	<u> </u>	
3,000 yen per share (Note)	·	
ii) Amount of capitalization within the offer	(
price		
1,500 yen per share		
(When the amount of payment is adjusted,		
the amount of capitalization shall be half the		
amount of payment after adjustment. When a		
decimal number of less than one yen arises	Į	
from the calculation, it shall be rounded up	1	·
to the nearest one yen.)	<u> </u>	

Consolidated accounting period	Consolidated accounting period	FY 2005 (From January 1, 20, 2005
in the previous term From January 1, 2005 to June 30, 2005	in this term From January 1, 2006 to June 30, 2006	to December 31, 2005)
(Note) Change in conversion price		
(i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92%		
of the average daily closing price for ordinary transactions of the common shares of the		
Company on the Tokyo Stock Exchange for five		
consecutive business days from the business day		
following the third Friday of every month		
(hereinafter referred to as the "Date of		
Determination*) (A business day without a closing price shall be excluded from the five consecutive		
business days. If the Date of Determination does		
not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter be referred to as the "Period for Calculation of		
Market Price") to the Date of Determination		,
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up.		
Hereinafter referred to as "Price at the Date of		
Determination). In April 2006, however, two days, namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price		
shall be changed twice.		
(ii) Irrespective of (i) of this Item, if the Company	}	
deems it necessary and notifies the bondholder of		
the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the Bonds with equity warrants (hereinafter referred		
to as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		`
method set out in (i) of this Item, until the end of		
March 2006. In this event, the Conversion Price		
shall be changed by deeming the Friday of the week that is two weeks' after the week including		
the date of the Prior Notification as the Date of		
Determination (if the Friday is a bank holiday, it		
shall be the immediately preceding bank business		
day). On or after April 1, 2006, irrespective of the		ļ
Prior Notification, the Conversion Price shall be changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the		
Conversion Price as set out in the following Item		
during the Period for Calculation of Market Price,		1
the Conversion Price after the change shall be adjusted to a figure which the Company deems		
appropriate in accordance with the prospectus of		
the Bonds with equity warrants. If, however, as a		i
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 year (however,		
on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary		
transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April		
7, 2006 (if there is no closing price on that date,		
this shall be the closing price on the immediately		
preceding day (calculated down to the first decimal place, with the first decimal place	,	·
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject	•	
to adjustment as set out in the following Item.),		1
the Conversion Price after the change shall		}
become the Minimum Conversion Price. If the Price at the Date of Determination is higher than		1
4,260 yen (however, on or after April 10, 2006		1
this shall be an amount equivalent to 200% of the		}
closing price for ordinary transactions involving		1
the common shares of the Company on the Tokyo		1
Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing		
price on the immediately preceding day. This shall		·
hereinafter be referred to as the "Maximum		
Conversion Price," but subject to adjustment as set		
out in Item (9) of this Paragraph.), the Conversion	•	1
Price after the change shall become the Maximum		

Consolidated accounting period	Consolidated accounting period	FY2005
in the previous term	in this term	(From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
6. Issuance of the third unsecured convertible		
bonds with equity warrants		
At the meeting of the Board of Directors held on		
August 22, 2005, the Company resolved to issue		
the first through third unsecured convertible	'	
bonds with equity warrants. The details are as		,
follows: (1) Name of bond		
GMO Internet, Inc. The third unsecured		
convertible bonds with equity warrants		
(Unsecured convertible bonds with equity	•	ļ
warrants and special agreement on limited		
equal priority among bonds)		i
(2) Total issue amount 6 billion yen		
(3) Offer price		
(4) Interest rate		
None	'	
(5) Maturity		
September 7, 2007		
(6) Payment date and issue date		
September 7, 2005 (7) Security		i
None		
(8) Use of proceeds		•
Proceeds will be used for the redemption of		
the total amount of the first unsecured straight		
bond and repayment of the total amount of		
short-term borrowings, as well as expansion of new businesses.		
(9) Matters related to stock acquisition rights		
(i) Type of stock as the object of stock acquisition		
rights		
Common stock of GMO Internet, Inc.		
(ii) Total number of stock acquisition rights		
12 rights (iii) Offer price of stock acquisition rights		
Free		
(iv) Exercise period of stock acquisition rights		
From September 8, 2005 to September 6, 2007		
(v) Number of shares as the object of stock		
acquisition rights		
It shall be the maximum integral number obtained by dividing the total amount of offer		
prices of this bond when the exercise of stock		
subscription rights is requested by the amount		
of payment at the time of exercise (hereinafter		
called the "conversion price" (Note 2)). In this		
case, fractions of shares less than one share		
shall be truncated and not adjusted by cash. (vi) Amount of payment at the time of exercise		
3,000 ven per share		
(vii) Offer price of shares to be issued by the		1
exercise of stock subscription rights and		ĺ
amount of capitalization		
i) Offer price of shares 3,000 yen per share (Note)	•	
ii) Amount of capitalization within the offer	·	·
price		· ·
1,500 yen per share		
(When the amount of payment is adjusted,		
the amount of capitalization shall be half the		
amount of payment after adjustment. When a		
decimal number of less than one yen arises from the calculation, it shall be rounded up		
to the nearest one ven.)		
to the hearest one year.	L	· ····································

Consolidated accounting period in the previous term	Consolidated accounting period in this term	FY2005 (From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
(Note) Change in conversion price		
(i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92% of the average daily closing price for ordinary	İ	
transactions of the common shares of the	!	
Company on the Tokyo Stock Exchange for five	i	
consecutive business days from the business day		
following the third Friday of every month		
(hereinafter referred to as the "Date of		
Determination") (A business day without a closing		
price shall be excluded from the five consecutive business days. If the Date of Determination does		
not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter		
be referred to as the "Period for Calculation of	1	
Market Price") to the Date of Determination		
(inclusive) (calculated to the first decimal place,	ļ	
with the first decimal place rounded up. Hereinafter referred to as "Price at the Date of	i	
Determination). In April 2006, however, two days,	ļ.	
namely April 7 and April 21 shall become the	į.	
Date of Determination, and the Conversion Price	į	
shall be changed twice.		
(ii) Irrespective of (i) of this Item, if the Company	i	
deems it necessary and notifies the bondholder of		
the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the		
Bonds with equity warrants (hereinafter referred to as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		
method set out in (i) of this Item, until the end of	1	
March 2006. In this event, the Conversion Price		
shall be changed by deeming the Friday of the		
week that is two weeks' after the week including		
the date of the Prior Notification as the Date of		
Determination (if the Friday is a bank holiday, it		
shall be the immediately preceding bank business day). On or after April 1, 2006, irrespective of the		
Prior Notification, the Conversion Price shall be		
changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the		
Conversion Price as set out in the following Item		
during the Period for Calculation of Market Price,		
the Conversion Price after the change shall be		
adjusted to a figure which the Company dooms		
appropriate in accordance with the prospectus of the Bonds with equity warrants. If, however, as a	1	
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount		
equivalent to 60% of the closing price for ordinary	}	
transactions of the common shares of the	i	
Company on the Tokyo Stock Exchange on April		
7, 2006 (if there is no closing price on that date,	į	
this shall be the closing price on the immediately preceding day (calculated down to the first	i	
decimal place, with the first decimal place		
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject	1	
to adjustment as set out in the following liem.),		
the Conversion Price after the change shall		
become the Minimum Conversion Price. If the	1	
Price at the Date of Determination is higher than 4,260 yen (however, on or after April 10, 2006		
this shall be an amount equivalent to 200% of the		
closing price for ordinary transactions involving	1	•
the common shares of the Company on the Tokyo		
Stock Exchange on April 7, 2006 (if there is no	l l	
closing price on that date, this shall be the closing	1	
price on the immediately preceding day. This shall	1	
hereinafter be referred to as the "Maximum	1	
Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion	1	
Price after the change shall become the Maximum		

(2) Other n/a

(Segment information)

Segment information by business type

Previous consolidated accounting term (from January 1, 2005 to June 30, 2005)

Section	Internet Use Support Business (thousand yen)	Internet Advertising Support Business (thousand yen)	Total (thousand yen)	Elimination or Company-wide (thousand yen)	Consolidated (thousand yen)
I Sales and operating revenue	-				
Sales					
(1) Sales to external customers	8,353,402	5,950,629	14,304,032	_	14,304,032
(2) Dealings between segments	64,582	62,477	127,059	(127,059)	_
Total	8,417,984	6,013,107	14,431,091	(127,059)	14,304,032
Operating expenses	6,994,905	6,343,194	13,338,099	(156,268)	13,181,830
Operating profit or loss (-)	1,423,079	- 330,087	1,092,992	29,209	1,122,201

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)
 - Access operations, Domain acquisition business, Web Hosting operations, Website
 construction and support business, Security operations, Credit card payment processing
 operations, Enterprise communications business
 - (2) Internet Advertising Support Business (Media Business)
 - Internet media construction business, Internet advertising sales business, IWord business,
 Online gaming business

Please note that from this consolidated accounting period, the names of our business units have changed from the IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business) and from the Internet Ad Media Business to the Internet Adverstising Support Business (Media Business).

Consolidated accounting term under review (from January 1, 2006 to June 30, 2006)

Section	Internet Use Support Business (Internet Infrastructure Business) (thousand yen)	Internet Advertising Support Business (Media Business) (thousand yen)	Internet Finance Business (thousand yen)	(thousend yen)	Elimination or Company-wide (thousand yen)	เมาเดกเกาสเคม
I Sales and operating revenue					į	
Sales						
(1) Sales to external customers	7,963,200	5,939,510	9,140,250	23,042,961	_	23,042,961
(2) Dealings between segments	62,692	79,342		142,035	(142,035)	
Total	8,025,892	6,018,853	9,140,250	23,184,997	(142,035)	23,042,961
Operating expenses	6,753,962	5,756,529	8,724,198	21,234,690	(200,881)	21,033,809
Operating profit	1,271,930	262,324	416,051	1,950,306	58,845	2,009,152

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)
 - Access operations, Domain acquisition business, Web Hosting operations, Website construction and support business, Security operations, Credit card payment processing

- operations, Enterprise communications business

 (2) Internet Advertising Support Business (Media Business)

 . . . Internet media construction business, Internet advertising sales business, JWord business, Online gaming business
 (3) Internet Finance Business
 • • • Consumer credit business, Internet securities business, venture capital business

FY2005 (from January 1, 2005 to December 31, 2005)

Section	Internet Use Support Business (Internet Infrastructure Business) (thousand yen)	Internet Advertising Support Business (Media Business) (thousand yen)	Internet Finance Business (thousand yen)	Total (thousand yen)	Elimination or Company-wide (thousand yen)	Consolidated (thousand yen)
1 Sales and operating revenue						
Sales						
(1) Sales to external customers	15,953,131	11,877,506	9,389,170	37,219,808	· <u>-</u>	37,219,808
(2) Dealings between segments	102,007	128,483	_	230,491	(230,491)	
Total	16,055,139	12,005,989	9,389,170	37,450,300	(230,491)	37,219,808
Operating expenses	13,502,950	12,235,063	7,408,755	33,146,769	(279,442)	32,867,327
Operating profit or loss	2,552,189	- 229,073	1,980,414	4,303,530	48,950	4,352,481

- (Notes) 1. Business classification follows the classification we adopt for internal management.
 - 2. Primary products in each classification:
 - (1) Internet Use Support Business (Internet Infrastructure Business)......Access service, rental server service, domain registration service, and service for the support of IT introduction, etc.
 - (2) Internet Advertising Support Business (Media Business)e-mail advertisement distribution service, and desktop advertising service, etc.
 - (3) Internet Finance Business......Personal finance operations
 - Please note that from this consolidated accounting period, the names of our business units have changed from the
 IxP (Internet Infrastructure Related Business) to Internet Use Support Business (Internet Infrastructure Business)
 and from the Internet Ad Media Business to the Internet Adverstising Support Business (Media Business).
 - 4. Changes in accounting treatment
 As mentioned in "Changes in Accounting Treatment," agency commissions and sales promotion expenses which
 were previously posted as sales and general administrative expenses are deducted from sales from the consolidated
 accounting term under review. With this change, sales and operating expenses in the Internet Advertising Support
 Business (Media Business) decreased by 884,328,000 yen and this was posted. However, this change did not have
 any impact on segment information other the Internet Advertising Support Business (Media Business).

Segment information by location

The ratios of Japan to total sales of entire segments and to total assets of all segments in the previous consolidated accounting term (from January 1, 2005 to June 30, 2005), the consolidated accounting term under review (from January 1, 2006 to June 30, 2006) and FY2005 exceed 90%. As a result, we do not provide segment information by location.

Sales in overseas

The ratio of sales in overseas to consolidated sales in the previous consolidated accounting term (from January 1, 2005 to June 30, 2005), the consolidated accounting term under review (from January 1, 2006 to June 30, 2006) and FY2005 is less than 10%. As a result, overseas sales are not stated.

(Per share information)

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Net assets per share	222 yen 08 sen	278 yen 63 sen	262 yen 51 sen
Net profit per share	10 yen 88 sen	3 yen 12 sen	52 yen 68 sen
Net profit per share after	10 yen 80 sen	3 yen 02 sen	52 yen 39 sen
adjustment of latent shares	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and GMO Hosting and Technologies, Inc.	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and GMO NETCARD, Inc. (Iormer Orient Credit Co., Ltd.) (Additional information) Along with the revision of the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) on January 31, 2006, the amount of net deferred hedge gains (adjusted for tax effect) is included in net assets at the end of the interim accounting term regarding common stock from the consolidated interim accounting period under review. Net assets per share for the interim accounting term under review, calculated based on the method used for the previous interim accounting term, are 278.51 yen. Because of the treatment described above, net assets per share for the interim accounting term expected to the case in which the method used in the previous interim accounting term is applied.	In the calculation of net profit per share after the adjustment of latent shares, in accordance with the "Actual handling of net profit per share" (Report on actual handling No.9 issued by the Corporate Accounting Standards Committee), we do not include equity warrants issued by unlisted subsidiaries, namely GMO Research, Inc., JWord Inc., and Orient Credit Co., Ltd.

(Note) Calculation basis

1. Not assets per share

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2005	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Total net assets in the balance sheet	-	24,076,581,000 yen	-
Net assets regarding common stock	-	17,276,921,000 yen	-
Major components of the difference between total net assets in the balance sheet and the amount of net assets at the end of interin accounting term regarding common stock used for the calculation of net assets per share Stock subscription rights Minority interest		34,398 6,765,262	<u>-</u> -
Number of common shares issued		62,031,378 shares	<u> </u>
The Company's common shares		26,784 shares	
The number of common shares used for the calculation of net assets per share	_	62,004,594 shares	

2. Net profit per share and net profit per share after adjustment of latent shares

Section	Consolidated accounting period in the previous term From January 1, 2005 to June 30, 2005	Consolidated accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Net profit per share			
Net profit	666,603,000 yen	193,030,000 yan	3,258,953,000 yer
Amount not belonging to common shareholders		_	22,647,000 yer
(Of which, bonuses to directors by appropriation of earnings)	()	(-)	(22,647,000 yen
Net profit associated with common shares	666,603,000 yen	193,030,000 yen	3,236,305,000 yer
Average number of shares issued during the term	61,686,297 shares	62,031,378 shares	61,720,805 share:
Average number of treasury shares during term	- 417,230 shares	26,784 shares	- 291,789 shares
Average number of shares during the term	61,269,067 shares	61,961,381 shares	61,429,016 shares
Major component of the adjusted net profit used for the calculation of fully diluted net profit per share Decline in net profit due to the effect of potential shares issued by subsidiaries	·	f 5,316,000 yen	_
Adjustment of net profit		5,316,000 yen	
Increase in common shares	467,414 shares	136,611 shares	335,948 share
(Of which, equity warrants)	(450,263 shares)	(136,611 shares)	(315,457 shares
(Of which, stock options by the payback method)	(17,151 shares)	(-)	(20,491 shares
Summary of latent shares not included in the calculation of net profit per share after adjustment of latent shares as they do not have a dilution effect	_	Stock subscription rights based on Article 280-20 and Article 280-21 of the former amended Commercial Code in 2001 Second stock subscription right (Resolved at the ordinary general meeting of shareholders on March 29, 2005) Common stock 10,000 shares—	1st to 3rd unsecured convertible bond-type corporate bonds with equity warrants (total face amount: 31,000 million yen).

	0 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	FY2005
Consolidated accounting period	Consolidated accounting period	(From January 1, 20, 2005
in the previous term	in this term	to December 31, 2005)
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006 I. Acquisition of shares in Miki Shoji	1. Redemption of 1st to 3rd unsecured convertible
Conclusion of a stock swap agreement with		bond-type corporate bonds with equity
Solis Corporation	Corporation.	warrants before maturity by GMO Internet
At the Board of Directors' meeting held on	GMO NETCARD, Inc., a consolidated subsidiary of the Company, has decided to	Inc.
August 1, 2005, the Company and Solis		Fellowing the resolution of the Board of
Corporation received on September 21, 2005	acquire all shares in Miki Shoji Corporation to	Directors meeting held on February 14, 2006,
approval for the conclusion of a stock swap	pursue economies of scale in the consumer credit business and expand its earnings.	the Company redeemed the 1st to 3st
agreement under which Solis Corporation	credit ousiness and expand its earnings.	unsecured convertible bond-type corporate
would become a wholly-owned subsidiary of	(1) Managa Milki Chali Companyian	bonds with equity warrants (with a special
the Company for the purpose of expanding its	(1) Name: Miki Shoji Corporation.	agreement that convertible bond-type
businesses.	(2) Business: Consumer credit business (3) Acquisition date: August 1, 2006	corporate bonds with equity warrants are in
(1) Overview of the stock swap agreement		the same rank in a limited way) before
1)Contents of the stock swap	(4) Overview of Miki Shoji Corporation	maturity. The details are as follows:
The stock swap is conducted based on	1) Sales and operating profit	(1) Issues Redeemed Before Maturity
Article 352 of the Commercial Code, and	(Year ended July 2005) Sales: 2.342,723,000 yen	The 1st to 3rd unsecured convertible bond-
the Company will exchange stocks based	· · · · ·	type corporate bonds with equity warrants
on the "simple stock swap" procedures	Operating profit: 42,446,000 yen	(with a special agreement that convertible
stipulated in Article 358, Paragraph 1 of	D. A	bond-type corporate bonds with equity
the Commercial Code.	Assets, liabilities, shareholders' equity (Year ended July 2005)	warrants are in the same rank in a limited
2) Date of stock swap		way) of GMO Internet Inc.
September 21, 2005	Assets: 9,886,708,000 yen Liabilities: 7,725,780,000 yen	(2) Amount Redeemed Before Maturity
3) Stock issued by the stock awap and its	Shareholders' equity: 2,160,929,000 yen	The entire amount of the total face value of
allocation	Statemoners equity: 2,100,929,000 yell	the 1st to 3st unsecured convertible bond-type
The Company will issue 429,390		corporate bonds with equity warrant (with the
common shares through a stock swap with Solis Corporation and deliver them		special agreement that convertible bond-type
to the shareholders named in the		corporate bonds with equity warrant are in
shareholders' register with a ratio of		the same rank in a limited way) of GMO
0.524 shares to 1 common share of Solis		Internet Inc. was 31 billion yen
		(3) Method of Redemption Before Maturity
Corporation. 4) Amount of capital reserve to increase		100 yen per ¥100 par value
The increase in capital reserve with the		(4) Period of Redemption Before Maturity:
stock swap will be the amount of		March 17, 2006
existing net assets of Solis Corporation.		(5) Method of Fund Raising for Redemption
(2) Overview of Solis Corporation		Before Maturity
1) Main lines of business		Bank borrowing
Domain registration business		2. Bank Borrowing
Sales and operating profit (Year ended December 2004)		At the Board of Directors meeting held on
Sales: 158,965,000 yen		March 2, 2006, the Company resolved that it
Operating profit: - 144,000 yen		should borrow money from banks for the
Operating profit: - 144,000 year		redemption of the 1st to 3st unsecured
3) Assets, liabilities, shareholders' equity		convertible bond-type corporate bonds with
(Year ended December 2004)		equity warrants before maturity, and
Assets: 45,504,000 yen		implemented such borrowing. The details are
Liabilities: 33,410,000 yen	ļ	as follows:
Shareholders' equity: 12,094,000 yen		(1) 1) Lender: Aozora Bank
Differential addition and a second		2) Amount of borrowing: 22 billion yen
		3) Repayment period: Six months form the
		date of implementation
	l	4) Date of borrowing: March 16, 2006
	l	5) Security: Shares in the Company's
	1	subsidiaries
		6) Interest rate: 0.59273%
1		(2) 1) Lender: Resona Bank, Limited.
		Mizuho Bank , Ltd.
		The Nisshin Fire & Marine
		Insurance Co., Ltd.
		The Hyakujushi Bank, Ltd.
	1	2) Amount of borrowing: 6 billion yen
		3) Repayment period: Five years form the
		date of implementation
		4) Date of borrowing: March 15, 2006
		5) Security: Shares in the Company's
		subsidiaries
		6) Interest rate: 1.13636%
		(3) 1) Lender: Sumitomo Mitsui Banking
	1	Corporation
1		2) Amount of borrowing: 2.8 billion yen
1		3) Repayment period: Three years form the
[1	date of implementation
		4) Date of horrowing: March 16, 2006
		5) Interest rate: 0.83%
	<u> </u>	1 -/

		T3/2006
Consolidated accounting period	Consolidated accounting period in this term	FY 2005 (From January 1, 20, 2005
in the previous term	From January 1, 2006 to June 30, 2006	to December 31, 2005)
From January 1, 2005 to June 30, 2005 2. Conclusion of a share transfer agreement	2. Sale of securities	
At the meeting of the Board of Directors held on	On August 29 and September 12, 2006, the	
August 15, 2005, the Company resolved to	Company sold shares held in Drecom Co., Ltd.	
acquire shares issued by Orient Credit Co., Ltd.	The gain on the sale of investment securities	ì
to expand its business areas. A share transfer	was 1,206,525,000 yen.	
agreement was concluded. Details are as		
follows:		
]	•
(i) Name of companies from which we acquire shares		
Unison Capital Patters, L.P		
UC Ocean Investers, L.P.	1	
UC Ocean Investers2, L.P.		•
]		
(ii)Name of a company from which we acquire		
shares		
Orient Credit Co., Ltd.	·	•
(iii) Date of share acquisition	į	,
September 30, 2005		
(iv) Number of shares to acquire		•
71,867 shares		
KA Assistables again and amount in only office		
(v) Acquisition costs and ownership ratio after the acquisition		
Acquisition cost: 25,041 million yen		•
Ownership ratio after acquisition: 94.28%		
0 11302311		,
(vi) Financing for payment and payment method		
Financing through bond issuance		
	3. Acquisition of shares in Just Inc. and others	:
3. Bond issuance	(total 13 companies)	
At the meeting of the Board of Directors held on August 15, 2005, the Company resolved to issue	GMO NETCARD, Inc., a consolidated	
bonds through a private placement to raise funds	subsidiary of the Company, decided to acquire	
for the acquisition of shares. The details are as	all shares in Just Inc. and other companies (a	
follows.	total of 13 companies) to pursue economies of	
(i) Type First unsecured straight bond	scale in the consumer credit business and	
(ii) Offer price 100 yen per face value of 100 yen	increase earnings.	
(iii) Total issue amount 28 billion yen (iv) Interest rate 1% per year	(I) Name Just Inc.	
(iv) Interest rate 1% per year (v) Issue dato August 31, 2005	(2) Business Consumer credit business	
(vi) Maturity 1 year	(3) Acquisition date August 31, 2006	
(vii) Use of proceeds Acquisition of shares	(4) Overview of the company	
(viii) Redemption 100 yen per face value of 100	1) Sales and operating profit	
yen	(Year ended May 2006) Sales: 875 million yen	
The issuing company may make an	Sales: 875 million yen Operating profit: 273 million yen	
early redemption with accrued interest in addition to the 100 year per	Aberenia have no minimo jan	
face value of 100 yen upon the giving	2) Assets, liabilities, shareholders' equity	
of one week's advance notice.	(Year ended May 2006)	
The Company redeemed the entire amount on	Assets: 5,683 million yen	
September 7, 2005 with the issuance of the first	Liabilities: 3,088 million yen Shareholders' equity: 2,595 million yen	•
through third unsecured convertible bonds with	(1) Name Like Card, Inc.	'
equity warrants.	(2) Business Consumer credit business	
	(3) Acquisition date August 31, 2006	
	(4) Overview of the company	
	1) Sales and operating profit	
	(Year ended May 2006) Sales: 50 million yen	
	Operating profit: - 42 million yen	
1	Operating product — 40 minute year	
	2) Assets, liabilities, shareholders' equity	
	(Year ended May 2006)	
	Assets: 581 million yen	
	Liabilities: 618 million yen	
	Shareholders' equity: - 37 million yen	
<u> </u>	- Jy manon yen	I

Consolidated accounting period	Consolidated accounting period	FY2005
in the previous term	in this term	(From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
4. Issuance of the first unsecured convertible	(1) Name Sanyo Shinpan, Ltd.	
bonds with equity warrants	(2) Business Consumer credit business	
At the meeting of the Board of Directors held	(3) Acquisition date August 31, 2006	
on August 22, 2005, the Company resolved to	(4) Overview of the company	
issue the first through third unsecured	1) Sales and operating profit	
	(Year ended May 2006)	
convertible bonds with equity warrants. The		
details are as follows:	Sales: 902 million yen	
(1) Name of bond	Operating profit: 284 million yen	
GMO Internet, Inc. The first unsecured		
convertible bonds with equity warrants	2) Assets, liabilities, shareholders' equity	
(Unsecured convertible bonds with equity	(Year ended May 2006)	
warrants and special agreement on limited	Assets: 5,082 million yen	
equal priority among bonds)	Liabilities: 2,675 million yen	
(2) Total issue amount 15 billion yen	Shareholders' equity: 2,407 million yen	
(3) Offer price		
100 yen per face value of 100 yen	(1) Name East Japan Credit, Ltd.	
	(2) Business Consumer credit business	
(4) Interest rate	(3) Acquisition date August 31, 2006	
None	(4) Overview of the company	
(5) Maturity	1) Sales and operating profit	
September 7, 2007	(Year ended May 2006)	
(6) Payment date and issue date	Sales: 1,663 million yen	
September 7, 2005	Operating profit: 517 million yen	•
(7) Security	Operating profits. Strummon year	
None	2) A seed lightilities whereholders' south	
(8) Use of proceeds	2) Assets, liabilities, shareholders' equity	
Proceeds will be used for the redemption of	(Year ended May 2006)	
the total amount of the first unsecured	Assets: 9,208 million yen	
straight bond and repayment of the total	Lizbilities: 5,081 million yen	
	Shareholders' equity: 4,127 million yen	
amount of short-term borrowings, as well as	(1) Name Sunlife, Ltd.	•
expansion of new businesses.		
(9) Matters related to stock acquisition rights	(2) Business Consumer credit business	
(i) Type of stock as the object of stock	(3) Acquisition date August 31, 2006	
acquisition rights	(4) Overview of the company	
Common stock of GMO Internet, Inc.	Sales and operating profit	
(ii) Total number of stock acquisition rights	(Year ended May 2006)	
30 rights	Sales: 2 million yen	
(iii) Offer price of stock acquisition rights	Operating profit: - 22 million yen	
Free		
(iv) Exercise period of stock acquisition rights	2) Assets, liabilities, shareholders' equity	
From September 8, 2005 to September 6,	(Year ended May 2006)	
	Assets: 168 million yen	
2007	Liabilities: 185 million yen	
(v) Number of shares as the object of stock		,
acquisition rights	Shareholders' equity: - 17 million yen	
It shall be the maximum integral number	(1) Name San-ai Shinpan, Ltd.	
obtained by dividing the total amount of	(2) Business Consumer credit business	
offer prices of this bond when the exercise of	(3) Acquisition date August 31, 2006	
stock subscription rights is requested by the	(4) Overview of the company	
amount of payment at the time of exercise		
(hereinafter called the "conversion price"	1) Sales and operating profit	
(Note 2)). In this case, fractions of shares	(Year ended May 2006)	
less than one share shall be truncated and not	Sales: 1,333 million yen	
adjusted by cash.	Operating profit: 399 million yen	
(vi) Amount of payment at the time of exercise	l	
1	2) Assets, liabilities, shareholders' equity	
3,000 yen per share	(Year ended May 2006)	
(vii) Offer price of shares to be issued by the	Assets: 7,347 million yen	
exercise of stock subscription rights and	Liabilities: 4,230 million yen	
amount of capitalization	Shareholders' equity: 3,117 million yen	
i) Offer price of shares	Similardina adaity. Striv inition Jon	
3,000 yen per share (Note)		1
ii) Amount of capitalization within the offer	1	
price	1	1
1,500 yen per share		1
(When the amount of payment is adjusted,	i	\
the amount of capitalization shall be half		
the amount of payment after adjustment.		l
When a decimal number of less than one		l
yen arises from the calculation, it shall be		· ·
	1	
rounded up to the nearest one yen.)	<u> </u>	J

FY2005 Consolidated accounting period Consolidated accounting period (From January 1, 20, 2005 in this term in the previous term From January 1, 2005 to June 30, 2005 From January 1, 2006 to June 30, 2006 to December 31, 2005) (1) Name Million, Ltd. (Note) Change in conversion price (2) Business Consumer credit business (i) On or after April 1, 2006, the Conversion Price (3) Acquisition date August 31, 2006 shall be changed to an amount equivalent to 92% (4) Overview of the company of the average daily closing price for ordinary transactions of the common shares of the 1) Sales and operating profit Company on the Tokyo Stock Exchange for five (Year ended May 2006) 957 million yen Sales: consecutive business days from the business day Operating profit: following the third Friday of every month 218 million year (hereinafter referred to as the "Date of Determination") (A business day without a closing 2) Assets, liabilities, shareholders' equity price shall be excluded from the five consecutive (Year ended May 2006) business days. If the Date of Determination does Assets: 5,283 million yen Liabilities: 3,552 million yen not fall into a business day, the five consecutive business days shall be five consecutive business Shareholders' equity: 1,731 million yen days up to the business day immediately preceding (1) Name Alto, Ltd. the Date of Determination. This shall hereinafter (2) Business Consumer credit business be referred to as the "Period for Calculation of August 31, 2006 (3) Acquisition date Market Price') to the Date of Determination (4) Overview of the company (inclusive) (calculated to the first decimal place, t) Sales and operating profit with the first decimal place rounded up. (Year ended May 2006) Hereinafter referred to as "Price at the Date of Sales: 698 million year Determination). In April 2006, however, two days, Operating profit: 182 million yen namely April 7 and April 21 shall become the Date of Determination, and the Conversion Price 2) Assets, liabilities, shareholders' equity shall be changed twice. (Year ended May 2006) (ii) Irrespective of (i) of this Item, if the Company 3,869 million yen Assets: deems it necessary and notifies the bondholder of Liabilities: 2,321 million yen the Bonds with equity warrants in advance before Shareholders' equity: 1,548 million year March 17, 2006 (inclusive) after the issue of the (1) Name Japan, Ltd. Bonds with equity warrants (hereinafter referred (2) Business Consumer credit business
(3) Acquisition date August 3 to as "Prior Notification"), the Conversion Price August 31, 2006 shall be changed using a method similar to the (4) Overview of the company method set out in (i) of this Item, until the end of 1) Sales and operating profit March 2006. In this event, the Conversion Price (Year ended May 2006) shall be changed by deeming the Friday of the 2,742 million yen Sales: week that is two weeks' after the week including Operating profit: 983 million yen the date of the Prior Notification as the Date of Determination (if the Friday is a bank holiday, it 2) Assets, liabilities, shareholders' equity shall be the immediately preceding bank business day). On or after April 1, 2006, irrespective of the (Year ended May 2006) 14,055 million yen Prior Notification, the Conversion Price shall be Assets: Liabilities: 7.538 million ven changed as set out in (i) of this Item. (iii) If there is cause for the adjustment of the Shareholders' equity: 6,517 million yen Conversion Price as set out in the following Item (1) Name JC, Ltd. during the Period for Calculation of Market Price, (2) Business Consumer credit business (3) Acquisition date August 3 the Conversion Price after the change shall be August 31, 2006 adjusted to a figure which the Company deems (4) Overview of the company appropriate in accordance with the prospectus of 1) Sales and operating profit the Bonds with equity warrants. If, however, as a (Year ended May 2006) result of the adjustment, the Price at the Date of Determination is lower than 1,278 yen (however, Operating profit: - 7 million yen on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary 2) Assets, liabilities, shareholders' equity transactions of the common shares of the (Year ended May 2006) Company on the Tokyo Stock Exchange on April Assets: 42 million yen 7, 2006 (if there is no closing price on that date, Liabilities: 44 million yen this shall be the closing price on the immediately -2 million yen Shareholders' equity: preceding day (calculated down to the first decimal place, with the first decimal place rounded up). This shall hereinafter be referred to as the "Minimum Conversion Price," but subject to adjustment as set out in the following Item.). the Conversion Price after the change shall become the Minimum Conversion Price. If the Price at the Date of Determination is higher than 4,260 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 200% of the closing price for ordinary transactions involving the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately preceding day. This shall hereinafter be referred to as the "Maximum Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Maximum Conversion Price.

in the provious term From January 1, 2005 to June 30, 2005 5. Issuance of the second unsecured convertible to hook with equity warrants At the meeting of the Board of Directors held on Agust 22, 2005, the Company rospored to issue the first through third unsecured convertible bonds with equity warrants of Cholometer. Inc. The second unsecured Cholometer of Cholom			FY2005
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5. Issues of the second unsecured convertible bonds with equity warrants At the meeting of the Board of Directors held on Agust 22, 2005, the Company solvered to issue the first through hird unsecured convertible bonds with equity warrants. The details are as follows: (1) Name of bond GMO Internet, Inte. The second unsecured convertible bonds with equity warrants and special agreement on limited equal priority among bonds] (2) Total issue amount 10 billion yen (2) Total issue amount 10 billion yen (2) Total issue amount 10 billion yen (3) Offer price (10) yen per face value of 100 yen (6) Use of proceeds Proceeds with the work of the total amount of the first unsecured straight bond and repyrament of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings, as well as expansion of the total amount of above-term borrowings and the amount of above-term borrowings as the company of the amount of above-term bor		***************************************	
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August 22, 2005, the Company resolved to issue the first through third unscented convertible bonds with equity warrants. The details are as follows: (1) Name of bond GMO Internet, Inc. The second unsecured convertible bonds with equity warrants and special agreement on limited equal priority among bonds) (2) Total issue amount 10 billion yen (3) Offer price 100 yen per face value of 100 yen (4) Interest rate Name (8) Use of proceeds Proceeds will be used for the redemption of the total amount of the first unsecured straight bond and repayment of the total amount of short-term borrowings, as well as expansion of new business to stock acquisition rights (3) Type of stack as the object of stock acquisition rights (3) Type of stack as the object of stock acquisition rights is shall be the maximum integral number obtained by dividing the total amount of payment at the time of exercise of stock subscription rights is requested by the amount of payments at the consecution of a first prices of the bond when the exercise (are to faces, facctions of shares less than one share to face the capitalization villant in the consecution of payment at the time of exercise (3),000 yen per share (1),000 per parker (Note 2). (A) Amount of capitalization within the offer price of the stop warmen (Subscription rights and amount of payment at the time of exercise (1),000 yen per share (1),000 yen yer share (1),000 yen yer share (1),000 yen yer share (1),000 yen yer share			
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Common stock of GMO Intermy as well as expansion of new businesses. (1) Name of board convertible board with equity warrants (Unsecured convertible boards with equity warrants and special agreement on limited equal priority among bonds). (2) Total issue amount 10 billion yen (2) Total issue amount 10 billion yen (3) Offer price 100 yen per face value of 100 yen (4) Interest rate None (3) Maturity None (3) Maturity None (3) Use of proceeds with be used for the redemption of the total amount of the first unsecured straight board and repayment of the total amount of short-term borrowings, as well as expansion of new businesses. (3) Maturity Solidan in rights (3) Type of stock as the object of stock acquisition rights 20 rights (3) Type of stock as the object of stock acquisition rights From September 8, 2005 to September 6, 2007 (2) Number of shares as the edipict of stock acquisition rights from September 8, 2005 to September 6, 2007 (2) Number of shares as the colpict of stock acquisition rights is shall be the maximum integral number obtained by dividing the total amount of offer prices of shis bod when the exercise (astendard businesses) and the stock of subscription rights is requested by the amount of payment at the time of exercise (astendard businesses) of some share that the transact and not adjusted by each of south examines and amount of payment at the time of exercise (astendard amount of expansionation of expansionation of payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exercise (astendard by 2000) and payment at the sime of exe			
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(i) Type of stock as the object of stock acquisition rights Common stock of GMO Internet, Inc. (ii) Total number of stock acquisition rights 20 rights 20 rights (iv) Exercise period of stock acquisition rights From September 8, 2005 to September 6, 2007 (v) Number of shares as the object of stock acquisition rights It shall be the maximum integral number obtained by dividing the total amount of offer prices of this bond when the exercise of stock subscription rights is requested by the amount of payment at the time of exercise (hereinafter called the "conversion price" (Note 2)). In this case, fractions of shares less than one share shall be truncated and not adjusted by cash. (vi) Amount of payment at the time of exercise 3,000 yen per share (vii) Offer price of shares so be issued by the exercise of stock subscription rights and amount of capitalization i) Offer price of shares and per share (Note) ii) Amount of capitalization within the offer price 1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half the	new businesses.	(1) Name TS Corporation, Ltd.	
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(vii) Offer price of shares to be issued by the exercise of stock subscription rights and amount of capitalization i) Offer price of shares 3,000 yen per share (Note) ii) Amount of capitalization within the offer price 1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half the	3.000 ven per share		
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3,000 yen per share (Note) ii) Amount of capitalization within the offer price 1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half the		1	
ii) Amount of capitalization within the offer price 1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half the	3,000 yen per share (Note)		
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1,500 yen per share (When the amount of payment is adjusted, the amount of capitalization shall be half the		į i	
(When the amount of payment is adjusted, the amount of capitalization shall be half the		1 ·	
the amount of capitalization shall be half the		į l	
amount of payment after adjustment. When a			
decimal number of less than one yen arises		į t	
from the calculation, it shall be rounded up		Į į	
to the nearest one yen.)	to the nearest one yen.)		<u> </u>

Consolidated accounting period	Consolidated accounting period in this term	FY2005 (From January 1, 20, 2005
in the previous term From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
(Note) Change in conversion price		
(i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92%		
of the average daily closing price for ordinary		
transactions of the common shares of the Company on the Tokyo Stock Exchange for five		
consecutive business days from the business day		
following the third Friday of every month		
(hereinafter referred to as the "Date of		
Determination") (A business day without a closing		
price shall be excluded from the five consecutive		
business days. If the Date of Determination does		_
not fall into a business day, the five consecutive		
business days shall be five consecutive business days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter	•	
be referred to as the "Period for Calculation of		
Market Price") to the Date of Determination		
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up.		
Hereinafter referred to as "Price at the Date of		
Determination). In April 2006, however, two days,		_
namely April 7 and April 21 shall become the	j	·
Date of Determination, and the Conversion Price		
shall be changed twice. (ii) Irrespective of (i) of this Item, if the Company		
deems it necessary and notifies the bondholder of		
the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the	· ·	
Bonds with equity warrants (hereinafter referred		
to as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		
method set out in (i) of this Item, until the end of		,
March 2006. In this event, the Conversion Price		
shall be changed by deeming the Friday of the week that is two weeks' after the week including		
the date of the Prior Notification as the Date of		
Determination (if the Friday is a bank holiday, it		
shall be the immediately preceding bank business		
day). On or after April 1, 2006, irrespective of the	!	
Prior Notification, the Conversion Price shall be		•
changed as set out in (i) of this Item.	·	
(iii) If there is cause for the adjustment of the		
Conversion Price as set out in the following Item during the Period for Calculation of Market Price,		
the Conversion Price after the change shall be		
adjusted to a figure which the Company deems		,
appropriate in accordance with the prospectus of		
the Bonds with equity warrants. If, however, as a		
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount		
equivalent to 60% of the closing price for ordinary transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April		l
7, 2006 (if there is no closing price on that date,		
this shall be the closing price on the immediately		
preceding day (calculated down to the first		
decimal place, with the first decimal place		
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject		
to adjustment as set out in the following Item.), the Conversion Price after the change shall	•	
become the Minimum Conversion Price. If the		ľ
Price at the Date of Determination is higher than		
4,260 yen (however, on or after April 10, 2006		•
this shall be an amount equivalent to 200% of the		
closing price for ordinary transactions involving		1
the common shares of the Company on the Tokyo		
Stock Exchange on April 7, 2006 (if there is no		l .
closing price on that date, this shall be the closing		l [*]
price on the immediately preceding day. This shall		1
hereinafter be referred to as the "Maximum		
Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion		<u> </u>
Price after the change shall become the Maximum		1
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	O Plat disersia	FY2005
Consolidated accounting period in the previous term	Consolidated accounting period in this term	(From January 1, 20, 2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	to December 31, 2005)
6. Issuance of the third unsecured convertible		
bonds with equity warrants		į.
At the meeting of the Board of Directors held on		
August 22, 2005, the Company resolved to issue the first through third unsecured convertible		
bonds with equity warrants. The details are as		
follows:		
(1) Name of bond		İ
GMO Internet, Inc. The third unsecured		
convertible bonds with equity warrants (Unsecured convertible bonds with equity		
warrants and special agreement on limited		
equal priority among bonds)		
(2) Total issue amount 6 billion yen		
(3) Offer price 100 yen per face value of 100 yen		
(4) Interest rate		
None		
(5) Maturity		
September 7, 2007 (6) Payment date and issue date		
September 7, 2005		
(7) Security		
None		
(8) Use of proceeds Proceeds will be used for the redemption of	i	
the total amount of the first unsecured straight		
bond and repayment of the total amount of	,	
short-term borrowings, as well as expansion of new businesses.		
(9) Matters related to stock acquisition rights		
(i) Type of stock as the object of stock acquisition		
rights		
Common stock of GMO Internet, Inc. (ii) Total number of stock acquisition rights.		
12 rights	·	
(iii) Offer price of stock acquisition rights		
Free		
(iv) Exercise period of stock acquisition rights From September 8, 2005 to September 6, 2007		
(v) Number of shares as the object of stock		
acquisition rights		
It shall be the maximum integral number obtained by dividing the total amount of offer		
prices of this bond when the exercise of stock		
subscription rights is requested by the amount		
of payment at the time of exercise (hereinafter		
called the "conversion price" (Note 2)). In this case, fractions of shares less than one share		
shall be truncated and not adjusted by cash.		
(vi) Amount of payment at the time of exercise		
3,000 yen per share (vii) Offer price of shares to be issued by the		
exercise of stock subscription rights and		
entount of capitalization		
i) Offer price of shares		
3,000 yen per share (Note) ii) Amount of capitalization within the offer		
price		
1,500 yen per share		
(When the amount of payment is adjusted, the amount of capitalization shall be half the		
amount of capitalization shall be half the		
decimal number of less than one yen arises		
from the calculation, it shall be rounded up		
to the nearest one yen.)	<u></u>	

Consolidated accounting period	Consolidated accounting period	FY2005 (From January 1, 20, 2005
in the previous term From January 1, 2005 to June 30, 2005	in this term From January 1, 2006 to June 30, 2006	to December 31, 2005)
(Note) Change in conversion price		
(i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92%		
of the average daily closing price for ordinary transactions of the common shares of the		
Company on the Tokyo Stock Exchange for five		
consecutive business days from the business day		
following the third Friday of every month		
(hereinafter referred to as the "Date of	·	
Determination") (A business day without a closing price shall be excluded from the five consecutive		
business days. If the Date of Determination does		
not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day inunediately preceding the Date of Determination. This shall hereinafter		
be referred to as the "Period for Calculation of		•
Market Price") to the Date of Determination		
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up.		
Hereinafter referred to as "Price at the Date of	1	
Determination). In April 2006, however, two days, namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price		·
shall be changed twice.		
(ii) Irrespective of (i) of this Item, if the Company	•	
deems it necessary and notifies the bondholder of		
the Bonds with equity warrants in advance before March 17, 2006 (inclusive) after the issue of the		
Bonds with equity warrants (hereinafter referred		
to as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		
method set out in (i) of this Item, until the end of		
March 2006. In this event, the Conversion Price shall be changed by deeming the Friday of the	1	
week that is two weeks' after the week including	}	
the date of the Prior Notification as the Date of	Ì	
Determination (if the Friday is a bank holiday, it	İ	
shall be the immediately preceding bank business		
day). On or after April 1, 2006, irrespective of the	1	
Prior Notification, the Conversion Price shall be changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the	ļ	
Conversion Price as set out in the following Item		
during the Period for Calculation of Market Price,		
the Conversion Price after the change shall be adjusted to a figure which the Company deems		
appropriate in accordance with the prospectus of		
the Bonds with equity warrants. If, however, as a		
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary		
transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April	1	
7, 2006 (if there is no closing price on that date,		
this shall be the closing price on the immediately		
preceding day (calculated down to the first decimal place, with the first decimal place	ļ	
founded up). This shall hereinafter be referred to	1	
as the "Minimum Conversion Price," but subject		
to adjustment as set out in the following Item.),	į –	
the Conversion Price after the change shall become the Minimum Conversion Price. If the	!	
Price at the Date of Determination is higher than	}	
4,260 yen (however, on or after April 10, 2006	ļ	
this shall be an amount equivalent to 200% of the	1	
closing price for ordinary transactions involving	Į.	
the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no		
closing price on that date, this shall be the closing		
price on the immediately preceding day. This shall	1	
hereinafter be referred to as the "Maximum	1	
Conversion Price," but subject to adjustment as set		
out in Item (9) of this Paragraph.), the Conversion	i	
Price after the change shall become the Maximum	i	

(2) Other n/a

2. Financial Statements, etc.

(1) Financial Statements

1) Balance Sheet

		As of June 30, 2005 End of the accounting period of the previous fiscal year		As of June 30, 2006 End of the accounting period of this fiscal year			Balar	As of December 31, 2005 Balance sheet summary in the previous fiscal year		
Section	NOTE number	7	Amount usand yen)	Composition (%)	oz Amount (thousand yen)		Composition (%)	Amount (thousand yen)		Composition (%)
(Assets)								,		[
1 Current Assets			-							
1. Cash and deposits			3,323,576			5,483,486			5,387,330	j
2. Trade account receivable			1,112,199			1,100,827			1,059,321	İ
3 Inventory assets			3,352			13,110			8,827	
4. Short-term loans receivable			854,909			336,336		'	907,469	
5. Deferred tax asset	ĺ		164,050			868,772			218,354	ľ
6. Other assets	İ		268,523			548,971			329,441	
Allowance for doubtful debts			- 235,617			- 207,646			- 224,673	}
Total Current Assets			5,490,992	34.3		8,143,858	16.6		7,686,071	16.6
II Fixed assets										
1. Tangible fixed assets	İ									
(1) Buildings	*1		52,984			68,600			49,617	
(2) Tools and equipment	٠.		95,172			73,615			75,549	
(3) Others	•1		1,570			540			602	
Total Tangible Fixed Assets			149,727	0.9		142,756	0.3		125,769	0.3
2. Intangible fixed assets			1							
(1) Goodwill			388,414			273,939			332,926	
(2) Software			114,324			65,503			103,728	
(3) Software suspense account			175,056			113,872			233,713	
(4) Telephone subscription right			38,805			12,381			38,805	
(5) Others			89,568			8,496			83,906	
Total of intangible fixed assets			806,170	5.0		474,192	1.0		793,081	1.7
3. Investments and other										
assets (1) Investments in securities			3,817,925			6,806,842			3,953,054	
(2) Affiliated company's	*2		3,913,558			31,391,901	[30,658,919	ļ. <u> </u>
stocks (3) Long-term loan			1,001,050			1,238,003			1,579,263	
(4) Deposit			320,629)		482,596	1		360,824	
(5) Deferred tax asset			581,790			-			795,215	[
(6) Others			105,924		1	574,610			574,694	}
Allowance for bad debt			- 6,840			- 5,200	!		-3,000	
Allowance for investment losses			- 163,062			- 165,372]		- 165,372]
Total investment and other assets			9,570,976	59.8		40,323,382	82.1		37,753,599	81.4
Total of fixed assets			10,526,874	65.7		40,940,332	83.4		38,672,451	83.4
Total of assets			16,017,866	100.0		49,084,191	100.0		46,358,522	100.0
	<u> </u>	1			1	<u> </u>	<u> </u>	<u> </u>	1.,	

			ar .	End of th	As of June 30, 20 be accounting per fiscal year	iod of this	As of December 31, 2005 Balance sheet summary in the previous fiscal year Amount Composition			
Section	NOTE	Amount (thousand yen)	Composition (%)		Amount usand yen)	Composition (%)	-	Amount (thousand yen)		
(Liabilities)			, ,		1					
1 Current liabilities								:		
1. Short-term debt	•2	2,178,000			24,799,332			_		
Unsecured convertible bonds with share subscription rights		_						31,000,000		
3. Accrued amount payable		1,324,195			1,024,886		İ	870,771		
4. Accrued expenses		163			58,147			171		
5. Accrued corporation tax, etc.		401,001			12,011			1,456,800		
6. Accrued consumption tax		154,911			223,430			146,163		
7. Advance money		36,374			38,599			13,621		
8. Deposits	*4	115,483		-	127,637			173,652	•	
. 9. Allowance for bonuses		4,210,129	26.3		26,284,044	53.5		33,661,181	72.6	
10. Other liabilities										
Total of current liabilities		94,535			135,821			122,490		
II Fixed liabilities	*2	-			7,200,668			_		
Deposit received for guarantee					553,094					
Total of fixed liabilities		94,535	0.6		7,889,584	16.1		122,490	0.3	
Total of liabilities		4,304,664	26.9		34,173,628	69.6		33,783,671	72.9	
(Shareholder's Equity)		3,311,130	20.7	;	_	_		3,311,130	7.1	
Capital stock										
Capital surplus		5,207,835			_			5,238,528		
1. Capital reserve		101,893			_			114,828		
ther capital surplus		5,309,729	33.1			— .		5,353,357	11.6	
(1) Gain or loss on disposal of treasury shares										
Total capital surplus		13,600			_			13,600		
II Earned surplus		700,000			_			700,000		
1. Earned reserve		2,418,739			_			3,193,035		
2. Voluntary reserve		3,132,339	19.6			-		3,906,635	8.4	
(1) Special reserve		22,544	0.1		_	_	'	27,708	0.	
3. Unappropriated retained carnings		- 62,540	- 0.4		_	-		- 23,980	-0.	
Total earned surplus		11,713,202	73.1			-		12,574,851	27.	
V Other gaps in appraisal		16,017,866	100.0		_] –		46,358,522	100.0	

		End of the a	f June 30, 20 ccounting pe ious fiscal ye	riod of the	End of the ac	f June 30, 20 counting per fiscal year	06 riod of this	Balance s	December 31 sheet summa rious fiscal y	ry in the ear
Section	NOTE	Ame	ount	Correposition	Amo			Amount (thousand yen)		Composition (%)
	number	(thousa	nd yen)	(%)	(tnousa	na yen)	(%)	(unousa	па уеп)	(78)
(Net Assets)		j								
1 Shareholders' equity										
1. Capital stock			_			3,311,130	6.8			1
2. Capital surplus										
(1) Copital reserve		_			5,238,528			-		
(2) Other Capital reserve					120,463					
Total Capital surplus		:	_			5,358,992	10.9	•	_	
3. Earned surplus]					
(1) Earned reserve		_			13,600			_		Ì
(2) Other Eamed surplus										
Special reserve					700,000			_		
Retained earnings carried forward					4,408,656					
Total Earned surplus	l			<u>,</u>		5,122,256	10.4		-	}
4. Own stocks			_			- 7,108	0.0			1
Total shareholders' equity			-			13,785,270	28.1		-	1
 Valuation/translation gains and losses, etc. 										
Other gaps in appraisal of securities			_			1,114,529			-	1
Deferred hedge gains and losses]		10,762				1
Total valuation/translation gains and losses, etc.						1,125,291	2.3			
Total Net Assets			_			14,910,562	30.4			_
Total Net Assets plus Total Liabilities						49,084,191	100.0		_	-

2) Profit and Loss Statement

		in the From J	unting period previous term anuary 1, 200 une 30, 2005	ı	From J	period in this anuary 1, 200 une 30, 2006		in the pr From J	loss statement summar previous fiscal year m January 1, 2005 December 31, 2005	
C	NOTE	Amo		Composi-	Ame	Amount Composi-		Ат	ount	Composi-
Section	number	(thousai	nd yen)	tion (%)	(thousa	nd yen)	tion (%)	(thousa	nd yen)	tion (%)
1 Operating revenue			5,136,113	100.0		5,938,513	100.0		9,921,292	100.0
II Business expenses	*1		3,425,974	66.7		3,757,364	63.3		6,670,425	67.3
III Sales and general administrative expenses	٠١		1,202,585	23.4		1,603,538	27.0		2,205,095	22.2
Operating profit			507,552	9.9		577,610	9.7	,	1,045,771	10.5
IV Non-operating revenue	*2		445,349	8.7		940,677	15.8		580,532	5.9
V Non-operating expenses	+3		13,095	0.3		192,529	3.2		45,455	0.5
Ordinary profit			939,807	18.3		1,325,757	22.3		1,580,848	15.9
VI Extraordinary profit	*4		717,720	14.0		790,968	13.3	i	3,491,623	35.2
VII Extraordinary loss	•5		270,010	5.3		217,654	3.7	!	1,765,425	17.8
Net profit before taxes			1,387,517	27.0		1,899,071	32.0		3,307,045	33.3
Corporate tax, residential tax and business tax		446,539			8,945			1,863,043		
Amount of adjustment, such as corporate tax		27,615	474,154	9.2	472,669	481,615	8.1	- 243,656	1,619,387	16.3
Current period net profit			913,362	17.8		1,417,456	·23.9		1,687,658	17.0
Profit carried forward from previous term			2,535,494			_			2,535,494	
Interim dividend			184,095			_			184,095	
Loss on disposal of combined shares through the merger			846,021			_			846,021	
Unappropriated retained earnings for current period			2,418,739						3,193,035	

3) Statement of Changes in Shareholders' Equity etc.

Consolidated accounting term under review (from January 1, 2006 to June 30, 2005)

		Sharehol	lders' equity	
			Capital surplus	
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus
Balance as of December 31, 2005 (thousand yen)	3,311,130	5,238,528	114,828	5,353,357
Changes in accounting period				
Distribution of retained earnings (thousand yen)				
Net Income (thousand yen)		j		
Disposition of treasury stocks (thousand yen)			5,634	5,634
Purchase of Company shares (thousand yen)				
Retirement of combined shares due to merger of subsidiaries (thousand yen)				
Total changes in the accounting period(thousand yen)			5,634	5,634
Balance as of June 30, 2006 (thousand yen)	3,311,130	5,238,528	120,463	5,358,992

	Shareholders' equity										
		Earne	d surplus			Total					
•		Other Ea	rned surplus	Total Earned	Own stocks	shareholders'					
	Earned reserve	Special reserve	Retained earnings carried forward	surplus	O W II SIOURS	equity					
Balance as of December 31, 2005 (thousand yen)	13,600	700,000	3,193,035	3,906,635	- 23,980	12,547,142					
Changes in accounting period											
Distribution of retained earnings (thousand yen)			- 185,821	- 185,821		- 185,821					
Net Income (thousand yen)	-		1,417,456	1,417,456		1,417,456					
Disposition of treasury stocks (thousand yen).		<u>"</u>			16,957	22,592					
Purchase of Company shares (thousand yen)					- 84	- 84					
Retirement of combined shares due to merger of subsidiaries (thousand yen)			- 16,014	- 16,014		- 16,014					
Total changes in the accounting period(thousand yen)			1,215,621	1,215,621	16,872	1,238,128					
Balance as of June 30, 2006 (thousand yen)	13,600	700,000	4,408,656	5,122,256	- 7,108	13,785,270					

	Valuation/1			
	Other gaps in appraisal of securities	Deferred hedge gains and losses	Total valuation/ translation gains and losses, etc.	Total Net Assets
Balance as of December 31, 2005 (thousand yen)	27,708	41,985	69,694	12,616,836
Changes in accounting period				
Distribution of retained earnings (thousand yen)				- 185,821
Net Income (thousand yen)	-			1,417,456
Disposition of treasury stocks (thousand yen)			_	22,592
Purchase of Company shares (thousand yen)				84
Retirement of combined shares due to merger of subsidiaries (thousand yen)		-		- 16,014
Changes (net) in items other than shareholders' equity during the interim accounting period	1,086,820	- 31,222	1,055,597	1,055,597
Total changes in the accounting period(thousand yen)	1,086,820	-31,222	1,055,597	2,293,725
Balance as of June 30, 2006 (thousand yen)	1,114,529	10,762	1,125,291	14,910,562

Material matters as base in preparation of financial statements

	Section	Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January 1, 2006 to June 30, 2006	Previous fiscal year From January 1, 2005 to December 31, 2005
1.	Valuation standards and methods for assets	(1) Securities 1) Shares of subsidiaries and affiliates We adopt the cost method based on the moving average method.	(1) Securities i) Shares of subsidiaries and affiliates Same as at left	(1) Securities t) Shares of subsidiaries and affiliates Same as at left
		2) Other securities Securities with a market price We use the market value method according to the market value, etc. on the accounting date (variances in the evaluation are processed using the method to directly include all capital, and the cost of securities sold is calculated using the moving average method). Securities without a market price We adopt the cost method based on the moving average method. (2) Inventory assets	2) Other securities Securities with a market price Securities with a market price We use the market value method according to the market value, etc. on the accounting date (variances in the evaluation are processed using the method to directly include all capital, and the cost of securities sold is calculated using the moving average method). Securities without a market price We mainly adopt the cost method based on the moving average method. (2) Inventory assets	2) Other securities Securities with a market price Securities with a market price We use the market value method according to the market value, etc. on the accounting date (variances in the evaluation are processed using the method to directly include all capital, and the cost of securities sold is calculated using the moving average method). Securities without a market price We mainly adopt the cost method based on the moving average method. (2) Inventory assets
		Inventory goods Inventory goods are evaluated using the cost method based on the gross average method.	Products Products are evaluated using the cost method based on the moving average method. Inventory goods Same as at left	Inventory goods Same as at left
2.	Method of depreciation of fixed assets	(1) Tangible fixed assets We adopt the fixed rate method. Further, effective lives are as follows: Buildings From eight to 50 years Tools and equipment From two to 20 years (2) Intangible fixed assets We adopt the fixed amount method. However, for software used by the Company, we adopt the fixed amount method amount method based on the usable period within the Company (five years).	(1) Tangible fixed assets We adopt the fixed rate method. Further, effective lives are as follows: Buildings From eight to 22 years Tools and equipment From two to 20 years (2) Intangible fixed assets Same as at left	(1) Tangible fixed assets We adopt the fixed rate method. Further, effective lives are as follows: Buildings From eight to 22 year Tools and equipment From two to 20 year (2) Intangible fixed assets Same as at left
	Method of earmarking of deferred assets		<u>-</u>	(1) New share issuing expense We treat the whole amount of new share issue expenses as expenses at the time they are incurred. (2) Bond issue cost We treat the whole amount of new share issue expenses as expenses at the time they are incurred.

	Accounting period	Accounting period in this term	Previous fiscal year
Section	in the previous term From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	From January 1, 2005 to December 31, 2005
Standards for appropriation of allowances	(1) Allowance for bad debts To prepare for losses incurred by defaults on accounts receivable, etc., given the loan loss ratio for general credits and the individual collectability for specific credits such as doubtful debts, etc., we post the estimated uncollectible amount.	(1) Allowance for bad debts Same as at left	(1) Allowance for bad debts Same as at left
	(2) Allowance for bonuses To prepare for the payment of bonuses to employees, of the estimated amount of payment, we post the amount to be paid in the consolidated accounting term under review.	(2) Allowance for bonuses Same as at left	(2) Allowance for bonuses To prepare for the payment of bonuses to employees, of the estimated amount of payment, we post the amount to be paid in the consolidated accounting term under review.
	(3) Allowance for investment loss To make up for losses to be incurred by the investments of an affiliated company, the required amount is recorded after considering the financial condition and other factors of the affiliated company.	(3) Allowance for investment loss Same as at left	(3) Allowance for investment loss To make up for losses to be incurred by the investments of an affiliated company, the required amount is recorded after considering the financial condition and other factors of the affiliated company.
5. Method to handle leasing transactions	We apply the accounting treatment following the method applied to regular lease transactions to finance lease transactions other than those the ownership of which is recognized as being transferred to a borrower.	Same as at left	Same as at left
6. Method of hedge accounting	(1) Method of hedge accounting For forward exchange contracts and currency swaps, translation is carried out if the requirements for the translation treatment are fulfilled.	(1) Method of hedge accounting Same as at left	(1) Method of hedge accounting When the requirements of allocation treatment are met, we carry out the allocation treatment for foreign- exchange contracts and currency swap.
	(2) Measures of hedge and subjects of hedge Measure Foreign-exchange contracts	(2) Measures of hedge and subjects of hedge Same as at left	(2) Measures of hedge and subjects of hedge Same as at left
	Subjects Foreign currency debts (3) Hedge polley The objective is to avoid risks arising from exchange rate fluctuations.	(3) Hedge policy Same as at left	(3) Hedge policy Same as at left
	(4) Method for evaluation of validity of hedging We evaluate the validity by evaluating and judging the amount of debts and credits and the terms of hedge transactions, etc. for respective derivative transactions and the subjects of hedge in each case.	(4) Method for evaluation of validity of hedging Same as at left	(4) Method for evaluation of validity of hedging Same as at left
7. Other important matters for production of the financial	Accounting treatment of consumption tax, etc.	Accounting treatment of consumption tax, etc.	Accounting treatment of consumption tax, etc.
statements	We exclude tax for the accounting treatment of consumption tax.	Same as at left	Same as at left

Changes in Accounting Treatment

Accounting period in the previous term	Accounting period in this term	Previous fiscal year
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	From January 1, 2005 to December 31, 2005
Profit January 1, 2003 to Julie 30, 2003	(Accounting standard for impairment of fixed	210111000000000000000000000000000000000
_	assets)	_
	From the accounting period under review, the	
	accounting standard for impairment of fixed assets	
	(the "Opinion Concerning Establishment of	
•	Accounting Standard for Impairment of Fixed	
	Assets" (August 9, 2002 by Accounting Standards	
	Board of Japan)) and the "Guidance for	
	Accounting Standard for Impairment of Fixed	
	Assets" (ASBJ Guidance No.6 on October 31,	
	2003 by Accounting Standards Board of Japan) are	
	applied. As a result, income before income taxes	
	and minority interest declined 63,083,000 yen.	
	We subtract accumulated losses on the impairment	
	of fixed assets directly from the amount of each	
	asset	
_	(Accounting Standard for Presentation of Net	
	Assets in the Balance Sheet)	
	From the accounting period under review, the	
	"Accounting Standard for Presentation of Net	
•	Assets in the Balance Sheet" (ASBI Statement	
	No.5 on December 9, 2005 by the Accounting	
	Standards Board of Japan) and the "Guidance on	
	Accounting Standard for Presentation of Net	
	Assets in the Balance Sheet" (ASBJ Guidance	
	No.8 on December 9, 2005 by the Accounting	
	Standards Board of Japan) are applied.	
	Amount corresponding to traditional Shareholders'	
	Equity is 14,899,799,000 yen.	
	Based on the amendment of the "Regulations Concerning Interim Financial Statements," Net	
	Assets in the interim balance sheet for the	
	accounting period under review are prepared	
	based on the "Regulations Concerning Interim	
	Financial Statements" after the amendment.	
	(Accounting Standard for Directors' Bonus)	
	From the accounting period under review, the	
	"Accounting Standard for Directors' Bonus"	
	(ASBJ Statement No. 4 on November 29, 2005)	
	is applied. There is no effect on operating profit,	
	ordinary profit, and income before income taxes	
r	and minority interests due to this application.	
	(Accounting Standard for Share-Based Payment and	_
-	its Implementation Guidance)	
	From the accounting period under review, the	
	"Accounting Standard for Share-Based Payment	
	and its Implementation Guidance" (ASB)	
	Statement No. 8 on December 27, 2005 by the	
	Accounting Standards Board of Japan) and the	
	"Guidance on Accounting Standard for Share-	
	Based Payment" (ASBJ Guidance No. 11 on	
	December 27, 2005 by the Accounting Standards	
	Board of Japan) are applied.	
	There is no impact on profits and losses as a	
	result of this application.	<u></u>

Change in the method of representation

Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January 1, 2006 to June 30, 2006
I. Long-term loans were presented under "Others" in "Investment and	-
other assets" until the first half of the previous fiscal year but separately	
listed at the end of the interim account period under review, as it exceeded	
five one-hundredths of assets.	
The amount of long-term loans at the end of the previous interim	
accounting period was 197,400,000 yen.	
2. Along with official announcement of the law revising a portion of the	_
Securities Exchange Law (Law No. 97 in 2004) on June 9, 2004 and its	
enforcement from December 1, 2004, as well as revisions to the practical	
guidelines regarding financial instruments accounting (Report No.14 of	
the Accounting System Committee) as of February 15, 2005, capital	
subscriptions to investment business limited partnerships and similar	
partnerships (which are deemed as negotiable securities under Article 2,	
Paragraph 2 of the Securities Exchange Law) are to be expressed as	
investments in securities from the accounting term under review. Further,	
the amount of such capital subscriptions under "Investments in	
Securities" posted in the balance sheet in the accounting term under	
review was 208,788,000 yen.	

Additional information

Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January 1, 2006 to June 30, 2006	Previous fiscal year From January 1, 2005 to December 31, 2005
The Law for the Partial Amendment of the		The Law for the Partial Amendment of the
Local Tax Law (No. 9 law of 2003) was		Local Tax Law (No. 9 law of 2003) was
promulgated on March 31, 2003, and the pro		promulgated on March 31, 2003, and the pro
forms standard taxation system is introduced		forma standard taxation system is introduced
in accounting terms that begin on and after		in accounting terms that begin on and after
April 1, 2004. Therefore, enterprise tax,		April 1, 2004. Therefore, enterprise tax,
which is pegged to the value-added input of		which is pegged to the value-added input of
the business and the size of capital, is		the business and the size of capital, is
included in selling, general and		included in selling, general and
administrative expenses in accordance with		administrative expenses in accordance with
the "Practical Treatment for the Indication of		the "Practical Treatment for the Indication of
the Pro Forma Taxation Portion of Enterprise		the Pro Forma Taxation Portion of Enterprise
Tax on Income Statements" (Report on No.	•	Tax on Income Statements" (Report on No.
12 practical treatment dated February 13,		12 practical treatment dated February 13,
2004 of the corporate accounting standards		2004 of the corporate accounting standards
committee).		committee).
As a result, selling, general and administrative	-	As a result, selling, general and administrative
expenses increased 18,646,000 yen, and		expenses increased 38,489,000 yen, and
operating profit, ordinary profit and net profit		operating profit, ordinary profit and net profit
for current period before adjustment of tax,		for current period before adjustment of tax,
etc. decreased 18,646,000 yen.		etc. decreased 38,489,000 yen.

Explanatory notes

(Matters related to the balance sheet)

	As of June 30, 2005	As of June 30, 2006	
Section	End of the consolidated accounting period of the previous fiscal year	End of the consolidated accounting period of this fiscal year	FY2005 (As of December 31, 2005)
*1 Total depreciation of tangible fixed assets Accumulated losses on impairment of fixed assets *2 Secured assets and secured debt	Shares of affiliated companies 309,355,000 yen	149,726,000 yen 63,083,000 yen 63,083,000 yen Assets offered as collateral Shares of affiliated companies 26,498,421,000 yen Secured debts Long-term debt due within one year 666,000,000 yen Short-term toans payable 22,000,000,000 yen Long-term debt 5,334,000,000 yen Total 28,000,000,000 yen	110,848,000 ycn -
*3 Debt guarantee	Debt guarantee is provided to lease contracts and goods purchase contracts of the companies below. GMO Media Inc. Accrued rent 2,744,000 yen Accounts payable based on goods purchase contracts GMO Hosting and Technologies, Inc. Accrued rent 14,462,000 yen Internet Number Corporation Accrued rent 17,589,000 yen Total 34,975,000 yen	Debt guarantee is provided to lease contracts and loan agreements of the companies below. GMO Media Inc. Accrued rent 1,278,000 yen Internet Number Corporation Accrued rent 9,111,000 yen GMO blog, Inc. Accrued rent 156,969,000 yen GMO internet securities, Inc. Accrued rent 259,457,000 yen GMO NETCARD, Inc. Borrowings 2,556,804,000 yen Total 2,983,621,000 yen	Debt guarantee is provided to lease contracts and loan agreements of the companies below. GMO Research, Inc. Accrued rent 1,964,000 yen Internet Number Corporation Accrued rent 15,326,000 yen TELECOM ONLINE Inc. Accrued rent 80,374,000 yen GMO Communications Co., Ltd. Accrued rent 59,333,000 yen GMO blog, Inc. Accrued rent 118,666,000 yen GMO internet securities, Inc. Accrued rent 1,208,000 yen Orient Credit Co., Ltd. Borrowings 2,500,000,000 yen Total 2,776,873,000 yen
*4 Treatment of consumption taxes, etc.	Suspense payments and suspense receipts of consumption taxes are presented under "Others" in current liabilities after netting.	Same as at left	

(Matters related to the profit and loss statement)

Section			Previous fiscal year From January 1, 2005 to
	to June 30, 2005	to June 30, 2006	December 31, 2005
*I Depreciation			
Tangible fixed assets	25,353,000 yen	19,103,000 yen	49,605,000 yen
Intangible fixed assets	83,589,000 yen	70,618,000 yen	168,095,000 yen
*2 Major items of non-operating			
revenues			
Interest received	19,486,000 yen	15,949,000 yen	59,141,000 yen
Dividends received	312,317,000 yen	843,151,000 yen	312,451,000 yen
Contributions from affiliates	88,828,000 yen	51,765,000 yen	166,340,000 yen
for work sharing	·		
*3 Major item in non-operating			
expenses			
Interest paid	9,434,000 yen	69,763,000 yen	12,392,000 yen
*4 Major items in extraordinary	•		
profit			
Gain on sales of shares in	328,470,000 yen	370,913,000 yen	3,091,639,000 yen
affiliated companies	This is mainly attributable to the	This is mainly attributable to the	This is mainly attributable to the
F	sales of shares in GMO Payment	sales of shares in GMO HOSTING	sales of shares in GMO
	Gateway, Inc	& SECURITY, INC.	HOSTING & SECURITY, INC.
Gain on sales of investment	389,250,000 yen	420,055,000 yes	396,038,000 yen
securities	This is mainly attributable to the	This is mainly attributable to the	This is mainly attributable to the
	sales of shares in Aeria Inc.	sales of shares in incubator Bank of	sales of shares in Aeria Inc.
		Japan, Ltd.	
*5 Major items in extraordinary			
loss		1	
Loss on sale of fixed assets	10,573,000 yen	32,609,000 yen	91,701,000 yer
		This is mainly attributable to the	•
	i	termination of INS lines.	
Provision for allowance for	163,062,000 yen	_	165,372,000 yer
investment losses	This is provided in preparation for		This is provided in preparation for
	a loss on an investment in an		a loss on an investment in an
	affiliate company, GMO Research,		affiliate company, GMO Research,
	Inc.		Inc.
Loss on impairment of fixed	_	63,083,000 yen	_
assets		Losses on impairment of fixed	
		assets were recorded for idle assets.	
		Use Type Location	
		Rights to use Shibya-ku, facilities Tokyo	
		Rights to Shihan-ku	•
		[문 apply for Tokyo	
		Talenhone	•
		subscription Shibya-ku,	
	1	ngnis	
		The assets are classified into groups	
		mainly based on the type of	
	ĺ	business. With respect to idle assets,	
		the book value is reduced to the	
			i
		recoverable value, and the amount	
		recoverable value, and the amount of the reduction is recorded as	
		recoverable value, and the amount of the reduction is recorded as impairment losses under	
		recoverable value, and the amount of the reduction is recorded as impairment losses under extraordinary losses. The	
		recoverable value, and the amount of the reduction is recorded as impairment losses under	

1		rights to apply for patents, and 27	
		million yen for telephone	
		subscription rights. The recoverable	
		value is measured using the net	
•		sales value and evaluated based on	•
		the assessed value of fixed assets.	
Loss on devaluation of	-	34,530,000 yen	249,669,000 yen
investment securities			
Loss on devaluation of	49,999,000 yen	28,708,000 yen	1,167,814,000 yen
affiliated companies			
Expenses for change of	37,566,000 yen	-	37,566,000 yen
corporate name			
Loss on sales of shares in	_	49,786,000 yen	157,000 yen
affiliates			

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(Interim Statement of Changes in Net Assets)

Current accounting term (from January 1, 2006 to June 30, 2006)

1. Type and total number of shares issued by the Company

••		·		
Type of stock	Type of stock At the end of the previous accounting period		Decrease	At the end of this interim accounting period
Common share (shares)	90,746	38	64,000	26,784

(Main reasons for the change)

Increase in number: Due to the request for purchase of fractional shares.

Decrease in number: Due to the use of treasury stocks as a result of the exercise of stock options.

From Janu	period in that ary 1, 2005				nting period ary 1, 2006			(Fro	FY200 m January I December 3	, 20, 200	5
1. Finance leas	se transactions	s other than	those	1. Finance les	se transaction	is other than	those	1. Finance lea	se transaction:	other than	those
the ownership	of which is re	cognized as:	being	the ownership	of which is r	recognized a	s being	the ownership	of which is re	cognized a	s being
transferred to	a borrower			transferred to	a borrower		i	transferred to a borrower			
(1) Amount co	•	•		(1) Amount e	-	•	-	(1) Amount equivalent to the purchase price			*
	amount equiv				antount equiv				amount equiv		
•	, and the am	iount equiv	alent to	-	, and the er	-	ralent to		, and the arr	ount equiv	ratent to
balance at the	e end of term			balance at th	te end of term	,		balance at th	e end of term Tools.		
	Tools, equipment	Software	Total		Tools, equipment	Software	Total		equipment	Software	Total
	and fixtures		(thousand		and fixtures	(thousand			and fixtures		
	(thousand	yen)	yen)		(thousand	yen)	yen)		(thousand yen)	yen)	yen)
Amount	yen)			Amount	yen)			Amount	3011/		•
equivalent to	666,042	186 770	852,771	equivalent to	639,974	102,097	742,072	equivalent to	580,518	169,510	750,02
equisition	000,012	100,127	024,111	acquisition price	007 711	,,	•,	acquisition price	**-,		
orice Amount				Amount				Amount			
equivalent to	309,405	78,844	388,249	equivalent to	304,562	34,814	339,377	equivalent to	330,660	66,524	397.18
otal sum of	302,403	10,044	500,245	total sum of depreciation	20.,200	• 4,0	202,011	total sum of depreciation	,		·
depreciation Amount				Amount				Amount		•	
equivalent to	356,637	107 004	464,521	equivalent to	335,412	67,282	402,695	equivalent to	249.857	102,986	352,84
palance at the	220,037	107,804	704,321	balance at the	333,412	07,101	402,073	balance at the end of term	247,051	,,	352,0
and of term				end of term				end or term			
(2) Amount co	tlant ta ba	-l	d	(2) Amount a	quivalent to b	alance of ur	esmed	(2) Amount e	guivalent to ba	lance of up	earned
	he end of term		Parificu		he end of tem			lease fees at the end of term			
Less the	n one year	183,334	,000 усп	Less the	an one year	162,229	9,000 yen	Less the	an one year	135,392	,000 ye
Over on	ie vear	287,438	,000 yen	Over a	ле усат	247,031	7,000 yen	1		221,539	,000 ye
Total			,000 yen	Total			6,000 yen	Total		356.931	,000 yes
(3) Lease fees depreciation o	paid, amount east, and amou	equivalent (int equivaler	to nt to		s paid, amoun			depreciation (paid, amount cost, and amou		
interest paid		•		interest paid				interest paid			
Leaso fe	es paid:	106,583	,000 усп	1	ices paid		8,000 yen		ees paid	-	i,000 ye
	t equivalent to	101.923	,000 yen	1	it equivalent to	94,073	3,000 yen		t equivalent to	180,588	3,000 ye
-	tion cost	•		1 -	ation cost		-		ation cost		
Amoun/	t equivalent to	4 624	,000 усл	I .	it equivalent t	0 407	6,000 yen	Amount equivalent to 7,415,0		,000 yc	
interest	paid	4,024	,	interest	paid	4,931	o,uuu yesi	interest	paid	*,*	
interest (4) Method of to depreciation	calculating th	he amount e	quivalent	(4) Method o	f calculating t	the amount o	equivalent	(4) Method of to depreciation	paid Cealculating the n cost and th	e amount e	quivale: quivale:
interest (4) Method of to depreciation to interest	calculating the cost and the	he amount e	quivalent quivalent	(4) Method of to depreciation to interest	f calculating ton cost and the	the amount o	equivalent equivalent	(4) Method of to depreciation to interest	Calculating the cost and the	e amount e	quivale
interest (4) Method of to depreciation to interest Method of ce	calculating the cost and the	he amount e	quivalent quivalent	(4) Method o to depreciation to interest Method of o	f calculating to on cost and the	the amount o	equivalent equivalent	(4) Method of to depreciation to interest	f calculating the cost and the	e amount e	quivale
interest (4) Method of to depreciation to interest Method of co depreciation We use the lease perion	calculating the cost and the cost efficient amount of the cost efficient amount of the cost efficient amount of the cost efficient amount of the cost estimates the cost estimates and	he amount ed amount equi amount equi at method, effective live	quivalent quivalent ivalent to with the	(4) Method o to depreciation to interest Method of o depreciation	f calculating to on cost and the	the amount on the amount of the amount of the amount of the the the the the the the the the the	equivalent equivalent	(4) Method of to depreciation to interest Method of c	f calculating the cost and the	e amount e c amount e	quivale
interest (4) Method of to depreciation to interest Method of cridepreciation We use the lease perior remaining to the depreciation of crimerest.	cost and the cost and the cost and the cost and the cost are fixed amound set as the covalue set as ze alculating the	he amount on amount equi int method, affective live ero. amount equi	quivalent quivalent ivalent to with the e and the ivalent to	(4) Method of to depreciation to interest Method of a depreciation	f calculating to on cost and d acculating the cost Same as a alculating the	the amount of the amount of amount of the contract of the contract of the contract of	equivalent equivalent sivalent to	(4) Method of to depreciation interest Method of edepreciation	f calculating the cost same as at alculating the	e amount equ left amount equ	quivale
interest (4) Method of to depreciation to interest Method of condepreciation We use the lease perior remaining to Method of contents While the clease fees acquisition amount equal to	calculating the cost and the cost effixed amound set as the cost evalue set as a collecting the disparity between the amount price of lease uivalent to intelled for collections.	the amount equi- amount equi- amount equi- amount equi- amount equi- cen the total ant equi- ces sis sis sisterest, we a	equivalent to with the e and the ivalent to al sum of int to the set as the idopt the	(4) Method of to depreciation to interest Method of depreciation Method of c	f calculating to on cost and the acculating the acost Same as a	the amount of the amount of amount of the contract of the contract of the contract of	equivalent equivalent sivalent to	(4) Method of to depreciation interest Method of edepreciation Method of c	f calculating the alculating the cost Same as at	e amount equ left amount equ	quivale
interest (4) Method of to depreciation to interest Method of conference of depreciation. We use the lease perior remaining to Method of contracts. While the clease fees acquisition amount equinterest m respective to 2. Operating I Amount equinterest.	calculating the cost and the cost effixed amound set as the cost evalue set as a collecting the disparity between the amount price of lease uivalent to intelled for collections.	the amount en amount equi- mut method, effective live ero. amount equi- cen the tota ant equi-vien e assets is a setterest, we a distribution on ance of unear	quivalent to with the e and the ivalent to al sum of at to the tet as the adopt the	(4) Method of to depreciation to interest Method of c depreciation Method of c interest	f calculating to on cost and d acculating the cost Same as a alculating the	the amount of amount equal test of the amount equal test of the te	equivalent equivalent tivalent to tivalent to	(4) Method of to depreciation interest Method of a depreciation Method of a interest	f calculating the cost same as at alculating the	e amount e e amount equileft amount equileft left	quivalent (
interest (4) Method of to depreciation to interest Method of condepreciation We use the lease perior remaining to Method of continuest While the clease fees acquisition amount equiniterest mespective to the continues of the co	calculating the cost and the cost and the cost of fixed amound set as the covalue set as ze alculating the disparity between the amount of for contents of the	the amount education amount equivalent method, affective live ero. amount equivalent equivalent equivalent equivalent exercis is a sterest, we addistribution on ance of unearm	quivalent to with the e and the ivalent to al sum of at to the tet as the adopt the	(4) Method of to depreciation to interest Method of c depreciation Method of c interest	f calculating to cost and the cost Same as a calculating the Same as a calculating the Same as a calculating the case transact calculating the case transact calculating to bal	the amount of amount equal tells	equivalent equivalent tivalent to tivalent to	(4) Method of to depreciation interest Method of a depreciation Method of a interest	f calculating the cost and the scot Same as at alculating the Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same as at scot Same Same Same Same Same Same Same Same	ie amount e e amount equi left amount equi left on nee of unea	quivalent (
interest (4) Method of to depreciation to interest Method of condepreciation. We use the lease perior remaining to Method of continuest. While the clease fees acquisition amount equinterest mespective to 2. Operating I Amount equilease fees at	calculating the cost and the cost are fixed amount of set as the evalue set as zero calculating the disparity between the amount of least uivalent to interthod for externs.	amount equivalent method, affective live irro. amount equivalent exists is a sterest, we a distribution on ance of unearm	equivalent equivalent to with the e and the ivalent to al sum of at to the eet as the adopt the to the	(4) Method of to depreciation to interest Method of contract depreciation Method of contract depreciation Method of contract depreciation depreciati	f calculating to cost and the cost Same as a calculating the Same as a calculating the Same as a calculating the cost calculating the calculat	the amount of amount equal to the amount equal to the first tent tent tent tent tent tent tent te	equivalent equivalent sivalent to sivalent to	(4) Method of to depreciation to interest Method of a depreciation Method of a interest 2. Operating Amount equilease fees at Less the	f calculating the cost and the scot Same as at alculating the Same as at scot	ie amount equilibrial equilibr	quivalent tivalent tivalent t

(Matters related to securities)

Shares in subsidiaries and affiliates with market value

Previous accounting term (ended June 30, 2005)

Туре	Amount posted in the balance sheet (thousand yen)	Market value (thousand yen)	Variance (thousand you)
Shares of subsidiaries and affiliated companies	1,206,758	29,635,720	28,428,961
Total	1,206,758	29,635,720	28,428,961

Accounting term under review (ended June 30, 2006)

Туре	Amount posted in the balance sheet (thousand yen)	Market value (thousand yen)	Variance (thousand yen)
Shares of subsidiaries and affiliated companies	1,646,840	28,465,330	26,818,489
Total	1,646,840	28,465,330	26,818,489

FY2005 (ended December 31, 2005)

Туре	Amount posted in the balance sheet (thousand yen)	Market value (thousand yen)	Variance (thousand yen)
Shares of subsidiaries and affiliated companies	1,649,679	84,147,109	82,497,429
Total	1,649,679	84,147,109	82,497,429

(Per share information)

Section	Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Net assets per share	190 yen 88 sen	240 yen 48 sen	203 yen 01 sen
Net profit per share	14 yen 91 sen	22 yen 88 sen	27 yen 47 sen
Net profit per share after adjustment of			
latent shares	14 yen79 sen	22 yen 83 sen	27 yen 32 sen
	The Company carried out a two- for-one share split as of August 20, 2004. Further, provided that the share split was carried out at the beginning of the previous consolidated accounting term, the per share information in the previous term is as follows: Net assets per share 187 yen 33 sen Net profit per share 27 yen 53 sen Net profit per share after adjustment of latent shares 27 yen 06 sen	(Additional information) Along with the revision of the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4) on January 31, 2006, the amount of net deferred hedge gains (adjusted for tax effect) is included in net assets at the end of the interim accounting term regarding common stock from the interim accounting period under review. Net assets per share for the interim accounting term under review, calculated based on the method used for the previous interim accounting term, are 240.30 yen.	

(Note) Calculation basis

1. Net assets per share

Section	Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Total net assets in the balance sheet	-	14,910,562,000 yen	
Net assets regarding common stock	_	14,910,562,000 yen	-
Difference between total net assets in the balance sheet and the amount of net assets at the end of interim accounting term regarding common stock used for the calculation of net assets per share		-	
Number of common shares issued	-	62,031,378 shares	-
The Company's common shares	-	26,784 shares	
The number of common shares used for the calculation of net assets per share	-	62,004,594 shares	

2. Net profit per share and net profit per share after adjustment of latent shares

Section	Accounting period in the previous term From January 1, 2005 to June 30, 2005	Accounting period in this term From January !, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
Net profit per share			
Net profit	913,362,000 yen	1,417,456,000 yen	1,687,658,000 yen
Amount not belonging to common shareholders		-	_
Net profit associated with common shares	913,362,000 yen	1,417,456,000 yen	1,687,658,000 yen
Average number of shares issued during the term	61,686,297 shares	62,031,378 shares	61,720,805 shares
Average number of treasury shares during torm	- 417,230 shares	- 69,997 shares	291,789 shares
Average number of shares during the term	61,269,067 shares	61,961,381 shares	61,429,016 shares
Net profit per share after adjustment of latent shares			
Adjustment of net profit	-	-	
Increase in common shares	467,414 shares	136,311 shares	335,948 shares
(Of which, equity warrants)	(450,263 shares)	(136,311 shares)	(315,457 shares)
(Of which, stock options by the payback method)	(17,151 shares)	(-)	(20,491 shares)
Summary of latent shares not included in the calculation of net profit per share after adjustment of latent shares as they do not have a dilution effect	_	Stock subscription rights based on Article 280-20 and Article 280-21 of the former amended Commercial Code in 2001 Second stock subscription right (Resolved at the ordinary general meeting of shareholders on March	1st to 3rd unsecured convertible bond-type corporate bonds with equity warrants (total face amount 31,000 million yen).
	·	29, 2005) Common stock 10,000 shares—	

		The same
Accounting period in the previous term	Accounting period in this term From January 1, 2006 to June 30, 2006	FY 2005 (From January 1, 20, 2005 to December 31, 2005)
From January 1, 2005 to June 30, 2005 1. Conclusion of a stock swap agreement with	1. Sale of securities	1. Redemption of 1 to 3 unsecured convertible
Solis Corporation	On August 29 and September 12, 2006, the	bond-type corporate bonds with equity
At the Board of Directors' meeting held on	Company sold shares held in Drecom Co., Ltd.	warrants before maturity by GMO Internet
August 1, 2005, the Company and Solis	The gain on the sale of investment securities	Inc.
Corporation received on September 21, 2005	was 1,206,525,000 yen.	Following the resolution of the Board of
approval for the conclusion of a stock swap		Directors meeting held on February 14, 2006.
agreement under which Solis Corporation		the Company redeemed the 1st to 3rd
would become a wholly-owned subsidiary of		unsecured convertible bond-type corporate bonds with equity warrants (with a special
the Company for the purpose of expanding its		agreement that convertible bond-type
businesses. (1) Overview of the stock swap agreement		corporate bonds with equity warrants are in
1)Contents of the stock swap		the same rank in a limited way) before
The stock swap is conducted based on		maturity. The details are as follows:
Article 352 of the Commercial Code, and		(1) Issues Redeemed Before Maturity
the Company will exchange stocks based		The 1st to 3rd unsecured convertible bond-
on the "simple stock swap" procedures		type corporate bonds with equity warrants
stipulated in Article 358, Paragraph 1 of		(with a special agreement that convertible bond-type corporate bonds with equity
the Commercial Code.		warrants are in the same rank in a limited
2) Date of stock swap September 21, 2005		way) of GMO Internet Inc.
3) Stock issued by the stock swap and its	•	(2) Amount Redeemed Before Maturity
allocation		The entire amount of the total face value of
The Company will issue 429,390		the 1st to 3rd unsecured convertible bond-type
common shares through a stock swap		corporate bonds with equity warrant (with the
with Solis Corporation and deliver them	i	special agreement that convertible bond-type
to the shareholders named in the		corporate bonds with equity warrant are in the same rank in a limited way) of GMO
shareholders' register with a ratio of		Internet Inc. was 31 billion yen
0.524 shares to 1 common share of Solis Corporation.		(3) Method of Redemption Before Maturity
4) Amount of capital reserve to increase		100 yen per ¥100 par value
The increase in capital reserve with the		(4) Period of Redemption Before Maturity:
stock swap will be the amount of		March 17, 2006
existing net assets of Solis Corporation.		(5) Method of Fund Raising for Redemption
(2) Overview of Solis Corporation		Before Maturity
1) Main lines of business	· ·	Bank borrowing
Domain registration business		2. Bank Borrowing
2) Sales and operating profit (Year ended December 2004)		At the Board of Directors meeting held on
Sales: 158,965,000 yen		March 2, 2006, the Company resolved that it
Operating profit: - 144,000 yen		should borrow maney from banks for the
Obstantil brown		redemption of the 1st to 3st unsecured
3) Assets, liabilities, shareholders' equity		convertible bond-type corporate bonds with
(Year ended December 2004)	ì	equity warrants before maturity, and
Assets: 45,504,000 yen		implemented such borrowing. The details are as follows:
Liabilities: 33,410,000 yen		(1) I) Lender: Aozora Bank
Shareholders' equity: 12,094,000 yen		2) Amount of borrowing: 22 billion yen
		3) Repayment period: Six months form the
		date of implementation
	\	4) Date of borrowing: March 16, 2006
		5) Security: Shares in the Company's
		subsidiaries
		6) Interest rate: 0.59273% (2) 1) Lender: Resona Bank, Limited.
		Mizuho Bank, Ltd.
		The Nisshin Fire & Marine
		Insurance Co., Ltd.
	l	The Hyakujushi Bank, Ltd.
	1	2) Amount of borrowing: 6 billion yen
	1	3) Repayment period: Five years form the
		date of implementation 4) Date of borrowing: March 15, 2006
		5) Security: Shares in the Company's
		subsidiaries
		6) Interest rate: 1.13636%
		1
		(3) 1) Lender: Sumitomo Mitsui Banking
1		Corporation
		2) Amount of borrowing: 2.8 billion yen 3) Repayment period: Three years form the
		date of implementation
		4) Date of borrowing: March 16, 2006
	·	5) Interest rate: 0.83%

		T INCOME
Accounting period in the previous term	Accounting period in this term	FY2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2005 to December 31, 2005)
2. Conclusion of a share transfer agreement	•	· i
At the meeting of the Board of Directors held on		
August 15, 2005, the Company resolved to		
acquire shares issued by Orient Credit Co., Ltd. to expand its business areas. A share transfer		
agreement was concluded. Details are as		
follows:		
tonows.]
(i) Name of companies from which we acquire		
shares		
Unison Capital Patners, L.P		
UC Ocean Investers, L.P.		l i
UC Ocean Investers2,L.P.		
		l
(ii)Name of a company from which we acquire		[
shares		· · ·
Orient Credit Co., Ltd.		
		·
(iii) Date of share acquisition		
September 30, 2005	•	
(iv) Number of shares to acquire		
71,867 shares		
		}
(v) Acquisition costs and ownership ratio after		i
the acquisition		1
Acquisition cost: 25,041 million yen		·
Ownership ratio after acquisition: 94.28%		i l
(vi) Financing for payment and payment method		
Financing through bond issuance	•	
3. Bond issuance		
At the meeting of the Board of Directors held on		
August 15, 2005, the Company resolved to issue		
bonds through a private placement to raise funds		
for the acquisition of shares. The details are as		
follows.		
(i) Type First unsecured straight bond		
(ii) Offer price 100 yen per face value of 100 yen		1
(iii) Total issue amount 28 billion yen		
(iv) Interest rate 1% per year		
(v) Issue date August 31, 2005		
(vi) Maturity I year		[
(vii) Use of proceeds Acquisition of shares		
(viii) Redemption 100 yen per face value of 100		
yen		
The issuing company may make an		
early redemption with accrued		
interest in addition to the 100 yen per		
face value of 100 yen upon the giving		
of one week's advance notice.		
The Company redeemed the entire amount on		
September 7, 2005 with the issuance of the first through third unsecured convertible bonds with		1
equity warrants.		
equity watteness		

		FY2005
Accounting period in the previous term	Accounting period in this term	(From January 1, 20, 2005 to December 31, 2005)
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2003 to December 31, 2003)
4. Issuance of the first unsecured convertible		ļ
bonds with equity warrants		!
At the meeting of the Board of Directors held		}
on August 22, 2005, the Company resolved to		
issue the first through third unsecured convertible bonds with equity warrants. The		
details are as follows:		
(1) Name of bond		
GMO Internet, Inc. The first unsecured		
convertible bonds with equity warrants		
(Unsecured convertible bonds with equity		1
warrants and special agreement on limited		1
equal priority among bonds)		1
(2) Total issue amount 15 billion yen		
(3) Offer price		
100 yen per face value of 100 yen		
(4) Interest rate None		
(5) Maturity		
September 7, 2007		
(6) Payment date and issue date		
September 7, 2005		
(7) Security		1
None	•	
(8) Use of proceeds		
Proceeds will be used for the redemption of the total amount of the first unsecured		
straight bond and repayment of the total		
amount of short-term borrowings, as well as		
expansion of new businesses.		
(9) Matters related to stock acquisition rights		1
(i) Type of stock as the object of stock	•	
acquisition rights		
Common stock of GMO Internet, Inc.	•	
(ii) Total number of stock acquisition rights		1
30 rights		
(iii) Offer price of stock acquisition rights		
(iv) Exercise period of stock acquisition rights		
From September 8, 2005 to September 6,		
2007		
(v) Number of shares as the object of stock		•
acquisition rights		
It shall be the maximum integral number		1
obtained by dividing the total amount of		.]
offer prices of this bond when the exercise of		
stock subscription rights is requested by the amount of payment at the time of exercise		1
(hereinafter called the "conversion price"]
(Note 2)). In this case, fractions of shares]
less than one share shall be truncated and not		
adjusted by cash.		
(vi) Amount of payment at the time of exercise	· 	1
3,000 yen per share		į
(vii) Offer price of shares to be issued by the exercise of stock subscription rights and		1
amount of capitalization		
i) Offer price of shares		
3.000 ven per share (Note)		1 '
ii) Amount of capitalization within the offer		
price		·
1,500 yen per share		
(When the amount of payment is adjusted,	•	1
the amount of capitalization shall be half		1
the amount of payment after adjustment. When a decimal number of less than one		1
yen arises from the calculation, it shall be		1
rounded up to the nearest one yen.)		
tounded up to the nearest one year.)		<u> </u>

Accounting period in the previous term	Accounting period in this term	FY2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2005 to December 31, 2005)
(Note) Change in conversion price		
(i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92% of the average daily closing price for ordinary		
transactions of the common shares of the		Į.
Company on the Tokyo Stock Exchange for five		
consecutive business days from the business day		i
following the third Friday of every month		
(hereinafter referred to as the "Date of		
Determination") (A business day without a closing		
price shall be excluded from the five consecutive	•	
business days. If the Date of Determination does not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter		
be referred to as the "Period for Calculation of		
Market Price") to the Date of Determination		1
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up. Hereinafter referred to as "Price at the Date of		<u> </u>
Determination). In April 2006, however, two days,		
namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price		
shall be changed twice.		
(ii) Irrespective of (i) of this Item, if the Company		
deems it necessary and notifies the bondholder of		
the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the Bonds with equity warrants (hereinafter referred to		
as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		
method set out in (i) of this Item, until the end of		1
March 2006. In this event, the Conversion Price		
shall be changed by deeming the Friday of the)	1
week that is two weeks' after the week including the date of the Prior Notification as the Date of		
Determination (if the Friday is a bank holiday, it		
shall be the immediately preceding bank business		
day). On or after April 1, 2006, irrespective of the		
Prior Notification, the Conversion Price shall be		
changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the		
Conversion Price as set out in the following Item during the Period for Calculation of Market Price,		
the Conversion Price after the change shall be		1
adjusted to a figure which the Company deems		1
appropriate in accordance with the prospectus of		
the Bonds with equity warrants. If, however, as a	·	ľ
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary		
transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April		1
7, 2006 (if there is no closing price on that date,		
this shall be the closing price on the immediately		
preceding day (calculated down to the first		
decimal place, with the first decimal place rounded up). This shall hereinafter be referred to		1
as the "Minimum Conversion Price," but subject		1
to adjustment as set out in the following Item.),		1
the Conversion Price after the change shall		
become the Minimum Conversion Price. If the		1
Price at the Date of Determination is higher than		
4,260 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 200% of the		
closing price for ordinary transactions involving		
the common shares of the Company on the Tokyo		
Stock Exchange on April 7, 2006 (if there is no		
closing price on that date, this shall be the closing		<u> </u>
price on the immediately preceding day. This shall		•
hereinafter be referred to as the "Maximum		
Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion		
Price after the change shall become the Maximum		
Conversion Price.		<u> </u>

Accounting period in the previous term	Accounting period in this term From January 1, 2006 to June 30, 2006	FY2005 (From January 1, 20, 2005 to December 31, 2005)
From January 1, 2005 to June 30, 2005 5. Issuance of the second unsecured convertible	From January 1, 2000 to Julie Jo, 2000	(110m santally 1, 20, 2005 to December 51, 2005)
bonds with equity warrants		
At the meeting of the Board of Directors held on		
August 22, 2005, the Company resolved to issue		
the first through third unsecured convertible		
bonds with equity warrants. The details are as		
follows:		
(I) Name of bond		
GMO Internet, Inc. The second unsecured convertible bonds with equity warrants		
(Unsecured convertible bonds with equity		
warrants and special agreement on limited		
equal priority among bonds)		
(2) Total issue amount 10 billion yen		
(3) Offer price		
100 yen per face value of 100 yen		
(4) Interest rate		
None		
(5) Maturity September 7, 2007		
(6) Payment date and issue date		
September 7, 2005		
(7) Security		
None		
(8) Use of proceeds		
Proceeds will be used for the redemption of		
the total amount of the first unsecured straight bond and repayment of the total amount of		
short-term borrowings, as well as expansion of		· .
new businesses.		
(9) Matters related to stock acquisition rights		
(i) Type of stock as the object of stock acquisition		
rights		
Common stock of GMO Internet, Inc.		•
(ii) Total number of stock acquisition rights		
20 rights (iii) Offer price of stock acquisition rights		
Free		1
(iv) Exercise period of stock acquisition rights		
From September 8, 2005 to September 6, 2007		1
(v) Number of shares as the object of stock		,
acquisition rights		
It shall be the maximum integral number obtained by dividing the total amount of offer		
prices of this bond when the exercise of stock		
subscription rights is requested by the amount		
of payment at the time of exercise (hereinafter		1
called the "conversion price" (Note 2)). In this		
case, fractions of shares less than one share		·
shall be truncated and not adjusted by cash.	•	
(vi) Amount of payment at the time of exercise		
3,000 yen per share (vii) Offer price of shares to be issued by the		
exercise of stock subscription rights and		
amount of capitalization		
i) Offer price of shares		
3,000 yen per share (Noto)		
ii) Amount of capitalization within the offer		
price		1
1,500 yea per share (When the amount of payment is adjusted,		
the amount of capitalization shall be half the		
amount of payment after adjustment. When a		
decimal number of less than one yen arises		1
from the calculation, it shall be rounded up		1
to the nearest one yen.)		<u>l</u>

Accounting period in the previous term	Accounting period in this term	FY2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2005 to December 31, 200
(Note) Change in conversion price (i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92%		
of the average daily closing price for ordinary		
transactions of the common shares of the		
Company on the Tokyo Stock Exchange for five		
consecutive business days from the business day		
following the third Friday of every month		
(hereinafter referred to as the "Date of		
Determination") (A business day without a closing		
price shall be excluded from the five consecutive		1
business days. If the Date of Determination does		1
not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter		
be referred to as the "Period for Calculation of		
Market Price") to the Date of Determination		
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up.		
Hereinafter referred to as "Price at the Date of		
Determination). In April 2006, however, two days,		
namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price		1
shall be changed twice.		Į.
(ii) Irrespective of (i) of this Item, if the Company		
deems it necessary and notifies the bondholder of		1
the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the		
Bonds with equity warrants (hereinafter referred to		
as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		· ·
method set out in (i) of this Item, until the end of		1
March 2006. In this event, the Conversion Price		
shall be changed by deeming the Friday of the		
week that is two weeks' after the week including the date of the Prior Notification as the Date of		Ì
		1
Determination (if the Friday is a bank holiday, it shall be the immediately preceding bank business		Ì
day). On or after April 1, 2006, irrespective of the		
Prior Notification, the Conversion Price shall be		
changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the		
Conversion Price as set out in the following Item		1
during the Period for Calculation of Market Price,		
the Conversion Price after the change shall be		
adjusted to a figure which the Company deems		
appropriate in accordance with the prospectus of		
the Bonds with equity warrants. If, however, as a		
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount		1
equivalent to 60% of the closing price for ordinary		•
transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April		1
7, 2006 (if there is no closing price on that date,		1
this shall be the closing price on the immediately		
preceding day (calculated down to the first		
decimal place, with the first decimal place		
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject	•	
to adjustment as set out in the following Item.),		
the Conversion Price after the change shall		
become the Minimum Conversion Price. If the		
Price at the Date of Determination is higher than		
4,260 yen (however, on or after April 10, 2006		
this shall be an amount equivalent to 200% of the		İ
closing price for ordinary transactions involving		1
the common shares of the Company on the Tokyo		
Stock Exchange on April 7, 2006 (if there is no		
closing price on that date, this shall be the closing		
price on the immediately preceding day. This shall		1
hereinafter be referred to as the "Maximum"		1
Conversion Price," but subject to adjustment as set		1
out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Maximum		1

Accounting period in the previous term	Accounting period in this term	FY2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2005 to December 31, 2005)
6. Issuance of the third unsecured convertible		1
bonds with equity warrants		
At the meeting of the Board of Directors held on		
August 22, 2005, the Company resolved to issue the first through third unsecured convertible		
bonds with equity warrants. The details are as		
follows:	•	
(1) Name of bond		
GMO Internet, Inc. The third unsecured		ĺ
convertible bonds with equity warrants		1
(Unsecured convertible bonds with equity		
warrants and special agreement on limited		}
equal priority among bonds)		
(2) Total issue amount 6 billion yen		
(3) Offer price		
100 yen per face value of 100 yen		
(4) Interest rate		
None		l i
(5) Maturity		
September 7, 2007 (6) Payment date and issue date		
September 7, 2005		.
(7) Security		
None		
(8) Use of proceeds		
Proceeds will be used for the redemption of		
the total amount of the first unsecured straight		
bond and repayment of the total amount of		
short-term borrowings, as well as expansion of		
new businesses.		
(9) Matters related to stock acquisition rights		
(i) Type of stock as the object of stock acquisition		1
rights Common stock of GMO Internet, Inc.		
(ii) Total number of stock acquisition rights	•	}
12 rights		
(iii) Offer price of stock acquisition rights		
Free		l i
(iv) Exercise period of stock acquisition rights		. 1
From September 8, 2005 to September 6, 2007		
(v) Number of shares as the object of stock		
acquisition rights		
It shall be the maximum integral number		
obtained by dividing the total amount of offer		
prices of this bond when the exercise of stock subscription rights is requested by the amount		
of payment at the time of exercise (hereinafter		
called the "conversion price" (Note 2)). In this		
case, fractions of shares less than one share		
shall be truncated and not adjusted by cash.		
(vi) Amount of payment at the time of exercise		
3,000 yen per share		
(vii) Offer price of shares to be issued by the		
exercise of stock subscription rights and]
amount of capitalization		
i) Offer price of shares 3,000 yen per share (Note)		1
ii) Amount of capitalization within the offer		
price		1
1,500 yen per share		
(When the amount of payment is adjusted,		i
the amount of capitalization shall be half the		
amount of navment after adjustment. When a		
decimal number of less than one yen arises		
from the calculation, it shall be rounded up		1
to the nearest one yen.)		<u> </u>

Accounting period in the previous term	Accounting period in this term	FY2005
From January 1, 2005 to June 30, 2005	From January 1, 2006 to June 30, 2006	(From January 1, 20, 2005 to December 31, 2005)
(Note) Change in conversion price (i) On or after April 1, 2006, the Conversion Price		
shall be changed to an amount equivalent to 92%		
of the average daily closing price for ordinary		j
transactions of the common shares of the		
Company on the Tokyo Stock Exchange for five consecutive business days from the business day		
following the third Friday of every month		}
(hereinafter referred to as the "Date of		
Determination") (A business day without a closing		Ì
price shall be excluded from the five consecutive		
business days. If the Date of Determination does not fall into a business day, the five consecutive		
business days shall be five consecutive business		
days up to the business day immediately preceding		
the Date of Determination. This shall hereinafter		
be referred to as the "Period for Calculation of Market Price") to the Date of Determination		
(inclusive) (calculated to the first decimal place,		
with the first decimal place rounded up.		
Hereinafter referred to as "Price at the Date of		
Determination). In April 2006, however, two days, namely April 7 and April 21 shall become the		
Date of Determination, and the Conversion Price		
shall be changed twice.		\
(ii) Irrespective of (i) of this Item, if the Company		
deems it necessary and notifies the bondholder of the Bonds with equity warrants in advance before		
March 17, 2006 (inclusive) after the issue of the		
Bonds with equity warrants (hereinafter referred to		
as "Prior Notification"), the Conversion Price		
shall be changed using a method similar to the		1
method set out in (i) of this Item, until the end of March 2006. In this event, the Conversion Price		1
shall be changed by deeming the Friday of the		
week that is two weeks' after the week including	•	
the date of the Prior Notification as the Date of	â	
Determination (if the Friday is a bank holiday, it shall be the immediately preceding bank business	₹	
day). On or after April 1, 2006, irrespective of the		
Prior Notification, the Conversion Price shall be		
changed as set out in (i) of this Item.		
(iii) If there is cause for the adjustment of the Conversion Price as set out in the following Item		
during the Period for Calculation of Market Price,	•	
the Conversion Price after the change shall be		
adjusted to a figure which the Company deems	•	
appropriate in accordance with the prospectus of the Bonds with equity warrants. If, however, as a		
result of the adjustment, the Price at the Date of		
Determination is lower than 1,278 yen (however,		
on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary.		
transactions of the common shares of the		
Company on the Tokyo Stock Exchange on April		
7, 2006 (if there is no closing price on that date,		
this shall be the closing price on the immediately preceding day (calculated down to the first		
decimal place, with the first decimal place		
rounded up). This shall hereinafter be referred to		
as the "Minimum Conversion Price," but subject		
to adjustment as set out in the following Item.), the Conversion Price after the change shall		
become the Minimum Conversion Price. If the		1
Price at the Date of Determination is higher than		
4,260 yen (however, on or after April 10, 2006		
this shall be an amount equivalent to 200% of the closing price for ordinary transactions involving		
the common shares of the Company on the Tokyo		
Stock Exchange on April 7, 2006 (if there is no		
closing price on that date, this shall be the closing		
price on the inunediately preceding day. This shall		
hereinafter be referred to as the "Maximum Conversion Price," but subject to adjustment as set	•	
out in Item (9) of this Paragraph.), the Conversion		
Price after the change shall become the Maximum		
Conversion Price.		<u> </u>

(2) Other

At the meeting of the Board of Directors held on August 14, 2006, we passed the following resolution regarding the interim dividend for the current fiscal year:

- (a) Total amount of interim dividends: 186,013,000 yen
- (b) Dividend per share: 3 yen
- (c) Effective date of right to request payment and the payment inception date: Thursday, September 28, 2006
- (Note) Payment will be made to shareholders named or recorded on the final shareholders' register and beneficial shareholders' register on June 30, 2006.

No.6 Reference Information about the Company Submitting the Report

We submitted the documents listed below from the commencement date of the interim accounting period under review to the filing date of the semiannual report.

(1)	Shelf registration statement (stock subscription warrants) and
	documents attached to it

(2) Financial statement report

Business term From January 1, 2005 (15th term) To December 31, 2005

(3) Amended shelf registration statement

(4) Extraordinary report

Amended shelf registration statement related to the shelf registration statement submitted on March 13, 2006 ((1) above) Extraordinary report in accordance with the provision of Section 3, Paragraph 2, Article 19 of the Cabinet Office

regulations regarding disclosure of corporate content, etc. (Transfer of Specified Subsidiaries)

(5) Extraordinary report

Specified Subsidiaries)
Extraordinary report in accordance with the provision of Section 3, Paragraph 2, Article 19 of the Cabinet Office regulations regarding disclosure of corporate content, etc. (Transfer of Specified Subsidiaries)

Submitted to the Head of Kanto Financial Bureau March 13, 2006
Submitted to the Head of Kanto Financial Bureau March 30, 2006
Submitted to the Head of Kanto Financial Bureau March 30, 2006
Submitted to the Head of Kanto Financial Bureau March 30, 2006
Submitted to the Head of Kanto Financial Bureau April 14, 2006

Submitted to the Head of Kanto Financial Bureau August 1, 2006

Section 2 Information on Guarantor for the Company Submitting the Report

There is no applicable item.

Interim Audit Report by Independent Auditor

September 20, 2006

Messrs. Board of Directors of GVO interior time

Designated Parties
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To issue the audit certificate under the provisions of Article 193-2 of the Securities Exchange Law, the Audit Firm audited the interim consolidated financial statements for the interim consolidated accounting term from the consolidated accounting term from the consolidated accounting term from the consolidated accounting," namely the interim consolidated balance sheet, the interim consolidated profit and loss statement, the interim consolidated statement of changes in net assets, and the interim consolidated statement of cash flow. While the management of GMO Internet, Inc. shall be liable for the preparation of the interim consolidated financial statements, the Audit Firm shall be liable for expressions of opinions with respect to the interim consolidated financial statements from an independent standpoint. We conducted our interim audit in accordance with generally accepted auditing standards of Japan. The interim auditing standards required us to give a reasonable guarantee after checking if the interim consolidated financial statements contained any materially false statement with the potential to mislead investors with respect to the useful information shown in the interim consolidated financial statements. The interim audit was basically conducted using analytical auditing procedures and incorporating certain other auditing procedures as necessary. As a result of the audit, we judged that we had obtained reasonable grounds to express an opinion about the interim consolidated financial statements.

We acknowledge that the interim consolidated financial statements mentioned above accurately represent useful information with respect to the financial situation as of wine 30,2000 as well as the results and cash flow for the interim consolidated accounting term from tandars is 2000 to wine 30,2000 of GMO interior line and its interim consolidated subsidiaries under generally accepted formulation standards of interim consolidated accounting statements in Japan.

Supplementary information

As described in "Significant items regarding the preparation of consolidated financial statements," the Company has prepared consolidated interim financial statements by applying the accounting standard for the impairment of fixed assets, as it has been decided that this standard shall be applied from the consolidated interim accounting term under review.

Neither, the Company nor the Audit Firm nor participating employees have any vested interest requiring mention under the provision of the certified public accountant law.

End

Interim Audit Report by Independent Auditor

September 20, 2006

Messrs. Board of Directors of GMOlinicmes line

Description of an interest of an int

To issue the audit certificate under the provisions of Article 193-2 of the Securities Exchange Law, the Audit Firm audited the interim financial statements for the interim accounting term from tantage 1, 2005 to to to to to to to the term business term from tantage 1, 2005 to to to the term business term from stated in the "Status of Accounting," namely the interim balance sheet, the interim profit and loss statement, and the interim statement of changes in net assets. While the management of GMO Internet, Inc. shall be liable for the preparation of the interim financial statements, the Audit Firm shall be liable for expressions of opinions with respect to the interim financial statements from an independent standpoint.

We conducted our interim audit in accordance with generally accepted auditing standards of Japan. The interim auditing standards required us to give a reasonable guarantee after checking if the interim financial statements contained any materially false statement with the potential to mislead investors with respect to the useful information shown in the interim financial statements. The interim audit was basically conducted using analytical auditing procedures and incorporating certain other auditing procedures as necessary. As a result of the audit, we judged that we had obtained reasonable grounds to express an opinion about the interim financial statements.

We acknowledge that the interim financial statements mentioned above accurately represent useful information with respect to the financial situation as of tune 30, 2000 for the interim accounting term from tinung its 2000 to time 30, 2000 of GOO interims, under generally accepted formulation standards of interim accounting statements in Japan.

Supplementary information

As described in "Significant items regarding the preparation of financial statements," the Company has prepared interim financial statements by applying the accounting standard for the impairment of fixed assets, as it has been decided that this standard shall be applied from the interim accounting term under review.

Neither, the Company nor the Audit Firm nor participating employees have any vested interest requiring mention under the provision of the certified public accountant law.

End